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15 April 1985

# Latin America Report

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FOREIGN BROADCAST INFORMATION SERVICE

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15 April 1985

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INTER-AMERICAN AFFAIRS

URUGUAYAN DAILY VIEWS REAGAN'S COMMENTS ON NICARAGUA

PY141722 Montevideo EL DIA in Spanish 5 Mar 85 p 4

[Editorial page commentary entitled: "Simplicity and Looseness"]

[Text] At this point in time there is little left of the enchantment that was felt for the spontaneous and authentic libertarian revolution Nicaragua achieved in 1979 which put an end to the feudal kingdom of the Somoza dynasty, which was installed in power by the "Marines" half a century ago.

The self-styled Sandinist command that finally took possession of Nicaragua's destiny and that decided to call the people to the ballot boxes only 5 years later seems to be more interested in establishing an authoritarian regime rather than in attaining the hope for democratization that has inflamed the Central American people.

But this is neither an excuse nor a justification for fostering an insurrection against or the overthrow of the constituted authorities of any country, as President Ronald Reagan did with his usual simplicity and sincerity during his latest press conference. Questioned more than once on this matter, he answered that the objective was "to remove them (the Sandinistas) from their current structure as a totalitarian communist state."

With this in mind, as is known, no resources, war materiel, or stratagems have been spared to overpower congressional objections, although we should also not forget that the essential component is being supplied by the Sandinist leadership itself with its attempts to impose its "revolutionary" goals by force and through an armed militia seeking to destabilize the region.

However, it is rather deplorable that the president of the most stable democracy of the continent arrogates to himself messianic or libertarian powers--through the use of weapons--in a cause in which he has nothing to do and for which he has not been invited, thus implicitly violating the international laws that rule relations among nations.

Persuasion, dialogue, and decisive support--not only rhetorical support--of the efforts being made by the Contadora Group will definitely be much more effective and less painful for the Nicaraguan people and their democratic cause.

CSO: 3348/499

INTER-AMERICAN AFFAIRS

BRIEFS

ARGENTINE BRIGADE TO CHILE--Buenos Aires, 14 Mar (NA)--The "coffee brigade," made up of young Communist Party members, will leave for Chile next weekend in response to an invitation extended by the Chilean Student Federation to cooperate in the reconstruction of houses of those affected by the recent earthquake in Chile. This was reported by the members of the brigade who noted that on 16 March they are leaving for Chile where they will be welcomed by opposition leaders and by university leaders. Recently, the brigade participated in the coffee harvest in Nicaragua and also carried out earthquake assistance in Formosa, Argentina. Once in Chile, the Argentine youths will put themselves at the disposal of the Chilean Student Federation to do whatever is necessary within the reconstruction program that is being carried out to help the victims of the earthquake that was recorded in Chile two weeks ago. [Text] [Buenos Aires NOTICIAS ARGENTINAS in Spanish 2021 GMT 14 Mar 85]

ORTEGA'S REMARKS IN ARGENTINA--In remarks to the Argentine newspaper LA VOZ, Nicaraguan President Daniel Ortega said that a U.S. intervention in Nicaragua would provoke an explosion of protest, indignation, and continental solidarity in Latin America. Ortega indicated that in the face of the military solution that the United States is trying to impose in Central America, the Latin American countries have expressed their opposition to that policy of force and support the Contadora Group. The Nicaraguan president said that the economic crisis and the unjust international trade relations that equally affect all the countries constitute the main factors that bind together all the social and political forces of the continent. In this regard, Ortega called for a moratorium that will mean a substantial modification of the international financial system in the face of the obstinate attitude of the economic institutions that want to defend the current established structures. Regarding the past elections in Nicaragua, Daniel Ortega stressed that the votes received by the FSLN, despite the economic crisis and the aggression, without demagogic speeches and with just sacrifices and difficulties, show the strength and support for the Sandinist revolution among the Nicaraguan people. [Text] [Havana International Service in Spanish 1600 GMT 16 Mar 85]

ALFONSIN SUPPORTS AREA DIALOGUE--Argentine President Raul Alfonsin defended in Washington the principle of nonintervention in Nicaragua and stated that dialogue is the suitable way to resolve the conflicts in Central America. Alfonsin made this statement while responding to the speech with which U.S. President Ronald Reagan welcomed him to the White House. During that speech,

President Reagan once again made charges and threats against the Nicaraguan Government. The U.S. President said that the United States will do all it can to help the Argentine Government face the serious economic problems it inherited from the military regimes, a promise which pleased Alfonsin very much. The Argentine president stressed that all of Latin America is willing to live with the austerity that the times demand and to make the necessary economic changes. However, he warned that adjustments that will affect those who have the least cannot be made. To ask the Latin American people for more, Alfonsin added, would be dooming them to backwardness, extreme poverty, and misery. [Text] [Havana International Service in Spanish 0000 GMT 20 Mar 85]

NICOLAS GUILLEN'S VISIT TO ARGENTINA--Nicolas Guillen, member of the PCC Central Committee and president of the National Union of Cuban Writers and Artists [UNEAC], departed this morning for Argentina, where he will participate in a Latin American unity congress. Other members of the Cuban delegation are writers Joaquin G. Santana and Manuel Cofino, both members of the National Directorate of the UNEAC. Guillen and the persons accompanying him will stop for 2 days in Lima, Peru, and then continue on to Argentina. Argentine Ambassador to Cuba Luis Raul Claraso de la Vega and PCC Central Committee officials took leave of Nicolas Guillen at the airport. [Text] [Havana Domestic Service in Spanish 2130 GMT 20 Mar 85]

ECUADORANS VISIT CUBAN GENETIC PLANT--An Ecuadoran trade delegation headed by Ambassador Jaime (Nebot) and consisting of Ruben Espinosa, president of the Association of Livestock Raisers of the Ecuadoran mountains, and Manuel Araujo Hidalgo, Ecuadoran ambassador to Cuba, visited the Valles de Picadura Genetic Plant. The delegation was received by Ramon Castro, director of the installation and member of the Havana PCC provincial committee. [Text] [Havana Domestic Service in Spanish 2130 GMT 20 Mar 85 FL]

CSO: 3348/509

ANTIGUA AND BARBUDA

ATLU ORGAN CITES CAUSE OF WORKERS IN ROW WITH GOVERNMENT

Call for Price Freeze

St Johns THE WORKERS VOICE in English 6 Feb 85 p 1

[Text] In a Cabinet decision of 23rd January, 1985 to all permanent secretaries and heads of statutory bodies the Government instructed that with immediate effect all negotiations in progress presently must be discontinued and all salaries and wages of the employees concerned frozen. All this with immediate effect.

The matter was discussed by the Executive of the A.T.L.U. and it was decided that the Union should request of the Government with immediate effect to freeze the prices of basic and necessary food items and school books etc. The A.T.L.U. represents most of the Statutory bodies and other Government agencies which have come under the hammer of the Cabinet decision. The Union was in the midst of negotiations with State Insurance Dept. and the Office Staff of the Port Authority. The Union has written the Ministers concerned requesting that these negotiations continue, as both these departments wages and salaries are below others.

Negotiated increments which fall due this Year have also been included in what is now known as the "Big Freeze."

The A.T.L.U. is now seeking legal advice on the matter with the intention of filing an injunction with the Court in order to restrain the Government from depriving workers of increments already negotiated.

Comment on Wages, Prices

St Johns THE WORKERS VOICE in English 6 Feb 85 p 2

[R.A. Bascus column "Frankly Speaking": "The Big Freeze"]

[Text] No, I am not talking about the terrible cold and icy weather presently sweeping across parts of Europe and the United States. I am speaking about the big wages and salaries freeze introduced for Government workers in Antigua by one stroke of the pen by a supposedly worker oriented Cabinet.

The ATLU was confronted by a Cabinet decision dated 23rd January 1985, by the management of a Government Statutory Body with which it was negotiating on behalf of the employees. The decision which was circularized to all Permanent Secretaries, Chairmen of Statutory bodies informed them that with immediate effect, all negotiations now in progress should be discontinued and all wages and salaries frozen. Period!

What I fail to understand, and I know that my mental faculties are very limited, (how I know? Tim and Lester always tell me so), is how the Antigua Labour Party, the political arm of the ATLU, knowing that their industrial arm was involved in negotiations with at least three of these Statutory bodies and the non-established workers, could take such action without at least informing the Union of its intent. **ABSOLUTE AND ARROGANT POWER!**

The Union has been belittled and embarrassed once again by its political arm. Recently it would appear that Government Ministers take a great delight in embarrassing the ATLU and the General Secretary in particular. The Union knows that Cabinet has decided that there must never be a strong Union in this country again, and, in their efforts to make this a reality, they are trampling on the workers.

Somehow I feel myself responsible for the way the Union and its members have been treated since I was elected its General Secretary. I would like

those members of Government to know that I have never left my office at 46 North Street to go into any Government nor Statutory department in order to organize workers. The employees of these departments feel the need for Union representation and so approached the ATLU and we have accepted the challenge to assist them.

You all keep repeating that you do not want another George Walter to make trouble for you. Let me tell all of you once again, George Walter was an ambitious man, a natural leader with a lot of charisma and a popular following. Whereas the only good things that I have about me is that I hate to see advantage and once I undertake to do a job, I do it to the best of my ability, irrespective of who is vexed or pleased.

As my good friend Hutton always admonishes me with these words "You better keep your little self still, remember you don't have any following, you know", and Hutton is a man who knows people. So, if it would make you Ministers breathe any easier, I am willing to promise you all that at the end of my present term in September I will vanish, 'disappear' and 'evaporate' from the industrial and political scene, if you agree to become more worker-oriented and less employer associated once more.

You know for the life of me, I can't understand how some of you can sit in Cabinet and agree to freeze the wages and salaries of workers and not couple it with a freeze on prices of essential food

items. Somebody must be crazy. No Government of the people freezes wages and salaries without also extending it to prices. How must workers survive under these conditions.

The saying is still around, that who laugh last laugh best!

Reproduced below is the Cabinet decision:

**"Wages Increases and Conditions of Work-Statutory Bodies and Agencies of Government,"**

"Cabinet at a meeting held on 23rd January, 1985, decided that no Statuary Body or Agency of Government should negotiate wage increase and

conditions of work with any bargaining Unit without first obtaining the permission of the Cabinet bearing in mind that salaries of employees of Statutory Bodies and Agencies of Government should be related to the salaries of Civil Servants.

Cabinet also decided that all salaries and wages at present paid to employees of Statutory Bodies and Agencies of Government, should remain frozen with effect from the date of this decision. Furthermore, any negotiations already in progress should be terminated forthwith."

Secretary to the Cabinet"

#### Labour Code Steps

St Johns THE WORKERS VOICE in English 13 Feb 85 p 1

[Text]

After numerous requests by the A.T.L.U. the Government of Antigua and Barbuda has eventually decided to take some action on some issues of importance to workers and employers. For instance, amendments to the Labour Code. While the Code is a very comprehensive document, covering almost all areas of industrial relations, there are some areas which need defining and amending.

Both Unions and the Employers' Federation have submitted amendments to the Code to the Labour Commissioner, who has been summoning meetings of the National Labour Board in order to get the amendments agreed upon for submission to the Hon. Minister who would then take action as he sees fit. Unions and employers

alike would welcome these amendments. The A.T.L.U. would like to see a section inserted into the Code governing maternity leave. The Code is completely silent on this issue and guidance can only be obtained from the Social Security Act which permits the employee to remain at home for 13 weeks, during which period they are paid 60% of their basic wage. It does not compel the employer to pay anything. As a result of this many mothers have to leave their children prematurely and hurry back to work sometimes after only 3 or 4 weeks. Something definitely needs to be done about this.

The Minister of Labour is also initiating action on the revision of the national minimum wage. This is being done after many requests from the A.T.L.U.

The minimum wage committee has been meeting and it is expected to submit its recommendations to the Minister in the not too distant future. Some employers have been paying workers the minimum after many years of service, simply because those workers are not unionized.

The final move made by the Government is to increase the negotiating fee that employees should pay to the Unions for service rendered. That is for employees, who refuse to sign the check-off forms authorizing management to deduct union dues from their wages negotiated by the union. The fee

for this service was a paltry \$6.00 for the duration of a contract.

The A.T.L.U. asked Government to increase this to \$1.00 per week. This was rejected. The \$6.00 has now been increased to \$50.00 for duration of the contract. Although far from satisfactory, nevertheless it has eased the financial burden of the unions. They say that one should be grateful for small mercies.

This newspaper and the A.T.L.U. wish to congratulate the A.L.P. Government on the action taken in these areas.

CSO: 3298/446

ANTIGUA AND BARBUDA

LESTER BIRD DEFENDS FOREIGN INVESTORS AGAINST ACLM ATTACKS

FL181350 Bridgetown CANA in English 2140 GMT 15 Feb 85

[Text] St Johns, Feb 15--Antigua and Barbuda's Deputy Prime Minister Lester Bird said today foreign investors had a crucial role to play in developing the country's economy by complementing the efforts of local entrepreneurs to create jobs.

Lambasting a small Marxist group here for what he indicated was their hostile attitude towards foreign investment, Bird urged Antiguans to defend foreigners who invest here from undeserved attacks which suggest they were all exploiters.

Bird, who holds the economic development portfolio, was speaking at a ceremony to mark the opening of an American electronics firm, the first to set up operations here under the Reagan Administration's Caribbean Basin Initiative (CBI).

Fair minded people in our community must learn to stand up for the foreign investor against undeserved and unfounded attacks. Genuine foreign investors should not be made to feel like criminals in a society where their only crime is an investment of their money, he said.

Bird said the leftwing Antigua-Caribbean Liberation Movement (ACLM) wanted to see high unemployment so that it can realise its aim of achieving a revolution.

The new company, Computer Products, has provided employment for 45 Antiguans. By investing here, its exports will have duty-free access to the United States for the next 11 years under the CBI.

Bird said the presence of the company here was testimony that the CBI can work as long as investors are willing to cash in on its duty-free provision.

Bird said the Antigua and Barbuda government welcomes a 700 million dollar (U.S.) regional investment support scheme proposed by new Puerto Rican Governor Carlos Rafael Hernandez Colon to back up the CBI, but suggested that the San Juan administration first detail the idea to regional governments.

The Puerto Rican administration, however well meaning its intentions, should not assume that it can address development needs in the Caribbean without detailed discussions with Caribbean governments, he said.

Bird urged local manufacturers to move to expand markets outside the Caribbean Community (Caricom), taking advantage of the CBI to export to the U.S. and preferential treatment available to regional products entering Europe and Canada.

By now, we should have learned the folly of concentrating our efforts on a single market. Our current experience in the Caribbean, where our products are being denied access to several countries, should be sufficient incentive for us to diversify our export sales, he said.

Bird said he was ready to sit down and discuss practical measures with local businessmen on the establishment of export-oriented enterprises, and assured active government support in this regard.

CSO: 3298/446

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ANTIGUA AND BARBUDA

BRJEFS

NEW RADIO-TV CHIEF--Barrymore Stevens of North Street, has been appointed General Manager, ABS Radio/Television. The appointment, which comes out of the Ministry of Public Utilities, Local Government and Information, took effect February 1, 1985. Mr. Stevens brings to his new position vast experience in many fields of endeavour. He has been sales manager, manager, Special Representative and assistant to the Vice President of Local Companies over the years. He has studied electronics both at correspondence and college levels and has completed journalism courses in the United States and the Caribbean. He was also the correspondent for the New York-based Caribbean newspaper in the 70's. No efforts will be spared in an attempt to upgrade the facilities and services of the Public Information Division," he said on appointment. Mr. Stevens has promised to work toward the improvement of the government-owned media services and make them something of which all Antiguans can be proud. He will continue to carry out his duties as Co-ordinating Editor of the Nation's Voice Newspaper. [Text] [St Johns NATION'S VOICE in English 15 Feb 85 p 7]

CSO: 3298/446

ARGENTINA

DANTE GULLO'S PERONIST YOUTH EXAMINES MOVEMENT DISPUTES

Buenos Aires LA VOZ in Spanish 3 Mar 85 p 5

[Text] With the slogan "You Are Peronism," the Metropolitan Assembly of the Peronist Youth came to a close last night with a general meeting. The event had been organized by the JPU [Unified Peronist Youth], headed by Juan Carlos Dante Gullo, and other internal organizations of Peronist Youth in the Capital. Delegates approved several resolutions drafted on human rights, housing, health, culture, education, economy, trade union life and a final conclusion on the "crisis in the Peronist Movement."

The plenary meeting, held at the Club Bristol in the Parque Patricios district, began at 1300 hours and was attended by 300 young militants.

Deliberations were officially opened with the National Anthem, the Peronist March, and a moment of silence "in homage to General Peron, Evita and all those who have fallen in the fight for liberation."

Participants immediately broke up into seven working commissions to take up an analysis of various issues. Following long deliberations, their respective conclusions emerged on the topics mentioned.

In particular, delegates discussed matters relating to youth and the crisis in the Peronist movement, motions that were promoted by the organizers.

The meeting was the continuation of one held on 15 January in Mar del Plata, together with representatives of the provincial JPU.

The organizers of the Assembly of Capital Peronist Youth (JPU, Gullo sector, JP Liberation, JP October sectors, Militants Assembly, the Coordinating Committee of Private Universities, the Peronist Student Groups Front (FADEP) and young people from the "Independent" Basic Units of different metropolitan districts) have still not established their position on the meeting to be held at Plaza Once.

Various members of the JPU told LA VOZ that "on Monday, we shall meet with Gustavo Gauna, youth representative on the National Council, to plan with him our attendance at the event."

The meeting had the support of the Justicialista National Council.

Plaza Once

The Unified Peronist Youth, headed by Pablo Unamuno and Patricia Bullrich, support and join in calling for the meeting to be held on 11 March at Plaza Once, to commemorate a new anniversary of the triumph of the Justicialist Liberation Front (FREJULI) in the 1973 elections.

11,464  
CSO: 3348/474

ARGENTINA

MAS TO FORM LEFTIST COALITION BEFORE CONGRESSIONAL ELECTIONS

Buenos Aires LA VOZ in Spanish 3 Mar 85 p 5

[Text] Attended by nearly 400 zone delegates, the second day of the party congress of the Movement Toward Socialism (MAS) came to a close yesterday at the Bambalinas Theater in this capital. Among the issues dealt with was the "possibility of implementing a leftist front" for the coming legislative elections and "the Radical Government's failure to deal with human rights" was condemned.

Under the honorary chairmanship of the Plaza de Mayo Mothers, those who have died for our liberation and political prisoners, the MAS zone delegates (elected in their respective districts) discussed the political situation in our country, Latin America and the world, what the party has done so far and election prospects for this year.

At the congress, which will come to a conclusion today at the Bambalinas Theater, new MAS leaders will also be elected. According to statements from one party source, "the current leadership will be reconfirmed."

One of the most highly debated issues was that of the possibility of putting together a leftist coalition for the coming partial elections for the lower chamber.

Apparently, the proposal with the greatest weight is reportedly that supported by the current MAS leaders, headed by Luis Zamora (attorney from the Center of Legal and Social Studies). The proposal would begin talks with the Workers, Communist parties and other socialist groups.

In the course of debate, strong criticisms were expressed of the economic policies of the Radical Government, "which worries more about sustaining the agreements with the International Monetary Fund (IMF) than with improving the fate of the workers."

Also targeted for criticism were actions of the Executive Branch in the sphere of human rights. "Murders continue to happen in the streets throughout

the country and political, trade union and human rights organization leaders continue to be kidnapped, intimidated and pressured."

#### Kidnapping

The former presidential candidate of the Movement Toward Socialism (MAS), Luis Zamora, yesterday reported the kidnapping of a leader of that political party, Jorge Lasarte, who was "brutally tortured" by a group of unknown persons who later released him.

"The MAS will take steps along with other political parties to obtain a hearing with President Raul Alfonsin, so that we may ask him to take more specific measures to protect individual guarantees," Zamora added.

Lasarte was kidnapped by four individuals at 1900 hours the night before last as he was going to work.

11,464  
CSO: 3348/474

ARGENTINA

STUDENT GROUP ASSAILS GOVERNMENT ECONOMIC POLICIES

Buenos Aires LA VOZ in Spanish 21 Feb 85 p 7

[Text] La Plata--The president of the University Federation of Buenos Aires (FUBA), Martin Baintrub, has formulated harsh criticism of the government's economic policies and demanded a "basic attack" on sectors seeking to overthrow the government. He also said, however, that "major progress" had been made on human rights.

Baintrub and the secretary general of FUBA, Eduardo Torres, made statements referring to university educational activities and various aspects of the national situation. The head of the parent organization of University of Buenos Aires students noted that "we have regained fundamental elements such as democracy and every day sees greater participation and major progress on human rights."

"In addition," added the student leader affiliated with the Franja Morada, a university branch of the Radical Youth, "for the first time in Argentine history, we are trying a government junta," but, he said, "we have very harsh criticisms on specific issues," more specifically, what he labeled "the subsistence of the financial fatherland."

Baintrub said that "we deem it fundamental to take basic measures attacking speculators, to nationalize foreign trade and banking and wage a far-reaching attack on sectors seeking to overthrow the government. We therefore demand that the Ministry of Interior oversee all types of demonstrations that have recently occurred and that are not in the direction of democracy."

Concerning the specifically university issue, Baintrub said that "we must begin wherever we can, since the reformation of the university must not be postponed. In Buenos Aires," he said, "we are promoting a thorough reform in order to change programs and their content, beginning this year and continuing next year in order to train the professionals that our country requires."

"Education is an investment," he concluded, "and it must serve all sectors. Unfortunately, we are losing precious time in training young people who need immediate answers."

For his part, Eduardo Torres, secretary general of FUBA, said that "it will be necessary to use great imagination with respect to the beginning of the 1985 academic year because this year, the university in Buenos Aires will only accommodate 80,000 new students."

"The problem is not only in Buenos Aires, La Plata, Cordoba or Rosario, but in all the country's institutions of higher learning," Torres explained. He talked about high school, observing that "it will be discussed in detail when we hold the national educational congress this year. Both admissions and study programs will be dealt with at the congress."

He then returned to the matter of the universities, stating that "universities must be democratic, social and humanitarian, but they must fit into an overall plan because they cannot be based on science for science's sake that does not allow us to see what kind of a country we want and what we want to be."

"The university must serve to form the conscience of individuals. That must be its fundamental mission," he concluded.

#### Basic Phase

The Buenos Aires University Publishing House (EUDEBA) has reported that the first two books of the Common Basic Cycle of the University of Buenos Aires will go on sale in the latter half of March, making up the Basic Cycle Library collection.

The texts will be entitled "Introduction to Scientific Knowledge" and "Introduction to Knowledge of Society and the State."

11,464  
CSO: 3348/474

ARGENTINA

WHEAT TRANSPORT PROBLEM REMAINS UNRESOLVED

Buenos Aires LA VOZ in Spanish 13 Feb 85 p 4

[Text] Bahia Blanca--A gigantic congestion of trucks transporting wheat blocks the roads to the port Ingeniero White. Unloading at the local port is very difficult and slow and aggravates the problem.

The regional manager of the FACA [Argentine Federation of Agricultural Cooperatives], Adolfo Nif, indicated: "The transportation problems of the grain obtained in the small harvest have not been solved." He said: "Ships are delayed and expedition is needed."

The delays are caused by the partial interruption of unloading due to the stand of the JNG [National Grain Board] personnel. At the end of last week, they decided not to work overtime. There was a disagreement with the state organization about overtime.

FACA indicated: "The situation has worsened since a large quantity of merchandise is stored outside in fields."

Ferrocarriles Argentinos has not solved its problems in railway transportation.

Nif estimated that "the cereal stored outside totals 180,000 to 200,000 tons."

Grain storage businessmen and cooperatives showed concern because the JNG has not paid its commitments for the purchase of wheat from the new harvest.

Those sources consulted have not discarded the idea that if the situation is not taken care of, the entities that include the storage people and cooperatives will demand new negotiations with the JNG authorities to express their unhappiness and demand immediate normalization of payments. These should be paid 15 working days after the sale is finalized.

7717  
CSO: 3348/435

ARGENTINA

## DROP IN FARM MACHINERY DEMAND WORRIES AGRICULTURAL SECTOR

Buenos Aires LA NACION in Spanish 16 Feb 85 sec 3a pp 1-2

[Text] The negative effects of some factors of the economic policy on agricultural and livestock production have also been reflected in a decrease in the demand for supplies by that sector with its consequences for the tractor and agricultural machinery manufacturing enterprises.

The Association of Argentine Tractor Factories which includes the five most important factories in the country which supply practically 100 percent of the market issued a brief but worrisome report last Tuesday about the drop in sales in January. This reflects "the discouraging influence that the interest rates have on decisions to buy tractors added to the lack of credit, the general economic conditions and the seasonal nature of the sales." The 329 units sold by the sector last month represent about half of those sold in the same month in 1984 and 70 percent less than those sold in June. Because of the downward trend in sales in recent months, the association expressed its concern and warned about the indirect effect of that situation on agricultural-livestock productivity.

In the agricultural machinery sector, the sales of the 125 enterprises in the Chamber of Manufacturers of that branch have fallen from the 1,800 or 3,000 units in more or less normal periods to only 800, according to estimates.

The president of the chamber, Mr Oscar Suarez Irigoyen, told LA NACION that this sector is going through "the most dramatic time of its life, even worse than the crisis in 1980 and 1981." He added: "The improvement we saw in the second half of 1982 until 1984 collapsed completely. In a country where there is inflation and recession, things do not progress, especially if these form a trilogy with speculation."

He continued: "The industrialist wants to see what his potential client, the farmer, is going to do. Therefore, he is concerned about the lack of clear rules of the game that encourage production. The promises by officials as well as those made by the president in Palermo, Casilda and Esperanza have not been carried out. This discourages the man in the field. The lack of credit is added to the low profitability of the sector and discourages investment. There are no future buyers because there is no money. Anyone who has to buy a harvester speculates that this capital will triple in 3 months if he buys it on interest."

Suarez Irigoyen also explained that when revitalization of the agricultural machinery industry began in 1982, plans for new equipment that would take a lot of time and money to start up came from the offices of the enterprises. Their results as far as the technological progress have been seen in Palermo in different active demonstrations and exhibits. They can be seen today in the parade that will be held on the maritime boulevard of Mar del Plata as part of the National Production Campaign that the government of Buenos Aires Province is sponsoring.

Today, according to the president of the chamber, many factories have filled their yards with unsold machinery. They are extending their vacations, suspending personnel or cutting back on work days. Five major enterprises, one of them the pride of the sector, are in creditors' hands and others are trying by every means to avoid that situation.

This is reflected in the internal life of the people through an economic slowdown, according to Suarez Irigoyen. He added that one of the most serious problems that the manufacturers must resolve is the emigration of specialized manpower. "Turners and millers are not made overnight. If they lose their jobs, they are going to seek new paths to the large cities. They will not come back."

Another aspect that the leader pointed out is that there is official recognition of the problems of this industrial branch in the provinces. There are promises of support but these are delayed because there is "the great wall that is called the Central Bank of the Argentine Republic. It does not send the necessary funds to help the needy enterprises."

The president of the Chamber of Manufacturers of Agricultural Machinery also indicated that the major wheat harvest was not profitable for 80 percent of the farmers. He warned about the red light--the 1 million hectares less in area planted for bulk and small harvest and the low prices for cattle. He stated: "This red light must turn green. There is talk of exporting. If only we can export not only grains and meats to regain our previous position in the world markets, but industrial products. However, the foreign currency that agriculture brings in is the only thing coming in and is in danger."

Suarez Irigoyen finally stated that there must be a revitalization of agriculture as well as industry. One word is required--from the president--to contribute real enlightenment. He stated: "If as a businessman I have to tighten my belt one more notch, I will. If not, I will lose it. I don't want to sink because of government measures that are wrong or not carried out. If I sink because I am inefficient, fine, I go bankrupt. However, now the government is breaking us because there are no logical goals; there is no program."

7717  
CSO: 3348/435

ARGENTINA

#### FARMER'S PROTEST ANGERS ALFONSIN

PY150025 Buenos Aires BUENOS AIRES HERALD in English 13 Mar 85 p 7

[Excerpt] (NA)--Rural producers sharpened their teeth against the government's agricultural policies yesterday when over a thousand vehicles from four provinces marched on Plaza de Mayo threatening to adopt stronger protest measures if their demands were not satisfactorily dealt with within a week-- and ran into harsh words from President Raul Alfonsin.

Lorries, cars and pick-ups from Buenos Aires, La Pampa, Entre Rios and Santa Fe lined up for two kilometres at the intersections of the Panamerican Highway and Route 197, held back by police, and another 50 partially blocked access to the Buenos Aires Central Market on the Ricchieri Highway. But some 200-300 demonstrators managed to elude police barriers and make their way downtown to protest the likely passage of a tax against non-productive lands, emptying bags of wheat and oats in front of Government House.

Alfonsin lashed out against the organizers of the march, warning that "hiding behind the legitimate claims of rural producers, people who worked hand-in-hand with the dictatorship are trying to return to the old ways, going against everything the government does creating a dichotomy between the rural side and the city, which has nothing to do with solidarity."

Argentine Rural Confederation (CRA) Secretary Benito Legerenz said the protest was directed against the possible passage of a tax against non-productive farmlands and accused the government's agricultural policy of "tending toward socialism, state-control and interventionism." CRA President Raul Romero Feris declared Agriculture and Livestock Secretary Lucio Reca persona non grata and launched a virtual ultimatum against the government, threatening stronger protests if their demands to reactivate agricultural production were not met within a week.

Earlier yesterday, an assembly held in the middle of Acceso Norte and Camino de Cintura decided a first protest measure would be cutting off the provisioning of agricultural products to Greater Buenos Aires--a population of 11 million people.

Reca said the government would continue implementing its electoral platform policy in matters relating to his portfolio and stressed the government had "repeatedly shown great signs of sensibility towards the just demands of producers, but could not accept any kind of (vindicating) actions not in accordance with the climate of communication and dialogue" which characterizes the government.

ARGENTINA

**METALWORKERS, TEACHERS THREATEN TO STRIKE**

PY171810 Buenos Aires BUENOS AIRES HERALD in English 17 Mar 85 p 13

[Text] (NA-DYN)--The 300,000-strong Metal Workers' Union (UOM) yesterday placed its members on a state of alert and warned it could take strike action, Unified CGT [General Confederation of Labor] Secretary-General Osvaldo Borda admitted the possibility of starting a mass march to demand "a change of course" in the government's economic policies.

The UOM, in a full page ad in the daily CLARIN yesterday, criticized the government for "simply covering up the crisis by mere personnel changes" in the Economy Ministry and demanded immediate pay hikes for metalworkers. Headed nationally by Peronist 62 Organizations leader Lorenzo Miguel, the UOM claimed that since September 1984 metalworkers' wages have fallen 60 percent in real terms.

The UOM also demanded the immediate return to collective wage bargaining talks and that unions be guaranteed administrative control of workers' social benefits funds. UOM delegates are to meet next Friday to consider the possibility of taking strike action.

One of the four national CGT secretaries-general, Osvaldo Borda, said CGT leaders would meet with Labour Minister Hugo Barrionuevo tomorrow to formally reject the government-set 25.7-percent pay hike for March.

The rubber workers' union leader admitted that workers could soon stage a march to support the socio-economic contract talks and to demand a change in economic policies.

Acting President Victor Martinez yesterday acknowledged that the CGT could formally reject the government pay hike, but added that the administration is doing its best to "avoid the battle for distribution of the economic pie."

Meanwhile, Interior Minister Antonio Troccoli said the government is trying to find ways of "overcoming the inconvenience" of holding up the signing of the socio-economic contract.

The talks have been stalled on the issue of who should administer workers' benefits funds--the CGT wants only unions to do so while the government contends the workers, and not necessarily the unions, should administer them.

Teachers' Confederation (CTERA) delegates are meeting this weekend to discuss the possibility of staging national strikes before April 15.

Delegates yesterday were reportedly split between those who wanted to call strikes immediately and those preferring to wait until the end of March when the government said it would announce a new wage policy for teachers.

In San Luis, teachers announced they would begin an indefinite strike tomorrow to demand that their wages be increased to match those of their colleagues in other provinces.

In Resistencia, Chaco, metalworkers took over the Noblex plant after the company decided to suspend personnel for 30 days without pay. Local UOM unionists said workers are demanding full payment for lay-offs.

Mar del Plata telephone workers are to stay home tomorrow---telephone workers day--in what unionists said is not strike action but part of the union's 1975 wage bargaining contract.

CSO: 3300/20

ARGENTINA

BRIEFS

PORT EXPANSION--The national government will allocate investments equivalent to \$7 million to remodel the port of Quequen in order to double its capacity to export grains and agricultural by-products, according to Roque Carranza, minister of public works and services. The future operational structure of the port which could be completed by the 1985-86 harvest could increase grain exports from 2 million to 4 million tons. Carranza made these announcements during a press conference also attended by the deputy governor of Buenos Aires Province, Elva Roulet. The minister pointed out that the short-term investments will make it possible to "adequately" prepare for the medium and long-term investments in the port of Quequen for the removal of hulls of sunken ships, the plan for a new jetty and dredging to facilitate operations by high tonnage ships with a subsequent decrease in freight and demurrage costs. He also indicated that this year bids will be taken for the construction of dual access to the terminal elevator, integral improvement of the railway network and the construction of an employment center for longshoremen and sanitation facilities. Carranza also explained that when the railway work which will supply the cooperative silos is done, these will be in the position to absorb cargoes of grains and agricultural by-products totaling about 1.7 million tons per year. Last, the minister said that five deep-sea ships will be able to operate simultaneously in the port. [Text] [Buenos Aires LA PRENSA in Spanish 28 Feb 85 p 5] 7717

MEAT EXPORTS DOWN--Yesterday there were drops of between 2 to 5 pesos per kilogram in the prices of beef on the hoof marketed in Liniers. This represents a decrease of almost 50 percent of the price increase observed on Wednesday. The secretary of CARBAP [Confederation of Buenos Aires and the Pampa Rural Associations], Mr Cardone, told LA NACION that the price yesterday again puts the index at 72 points on the 1960 base 100--that is, the lowest value recorded since February 1959. He also commented that the value of 1 kilogram of meat in February 1984 was 77 cents according to the official rate for that currency compared to 44 cents now. "There is a marked tendency to sell off cattle since 48 percent of the females are being sold. Normally, for good replacement this reaches 37 percent." He commented that this is the result of the cattle producer "giving up." The sales prospects could reach 58 percent of the females by April. Cardone revealed that the prediction for meat exports for this year is going to be the lowest in the last 15 years. He emphasized that the public "must understand that meat is the cheapest food and the one that increased the least so far this year." [Text] [Buenos Aires LA NACION in Spanish 22 Feb 85 p 10] 7717

COORDINATING BOARD QUESTIONS ELECTIONS--At a plenary meeting, the Buenos Aires Province Committee of the Radical Civic Union (UCR) resolved to call for internal elections to appoint new party leaders in the district on 30 June. In addition, the Committee decided that the date of elections for the Executive Board of the Radical Youth (JR) of Buenos Aires should be 2 June. Deliberations were presided over by the head of the UCR Provincial Committee, Carlos Bravo, who said that at the 30 June elections, there will also be internal elections for the composition of the election lists to compete in the November parliamentary elections. The date for elections to the Executive Board of the Buenos Aires Radical Youth (JR) was set by the committee on 2 June, to be separate from regular party elections, 2 or 3 weeks before 30 June. This position was questioned by the Buenos Aires JR sector under the National Coordinating Junta (JCN), which had initially proposed that Radical Youth elections be held on 31 March. In addition, the JCN questioned methodological aspects it considers harmful to the autonomy of district youth. The leader of the JCN, Fernando Acedo, member of the youth Political Commission, condemned "a dilatory maneuver aimed at postponing youth elections," an attitude he attributed to the current provincial committee, "which fears our triumph." [Text] [Buenos Aires LA VOZ in Spanish 3 Mar 85 p 5] 11,464

CSO: 3348/474

BRAZIL

BRIZOLA ON DIRECT ELECTIONS IN 1986, CANDIDACY

Lisbon EXPRESSO in Portuguese 2 Mar 85 pp 22-23R

[Text of interview with Leonel Brizola, governor of Rio de Janeiro State, by EXPRESSO's Pedro Andrade, date and place not supplied]

[Text] Leonel de Moura Brizola is one of the most influential Brazilian politicians and perhaps the best known internationally. On his return from exile, he won the 1982 election for governor of Rio de Janeiro State. He defeated the government PDS [Social Democratic Party] and the PMDB [Brazilian Democratic Movement Party], which represented almost the entire opposition to the regime, and made his party, the PDT [Democratic Workers Party], the third most powerful political force in the country.

Brizola was one of the leaders of the campaign for direct presidential elections, in which millions of Brazilians demonstrated last year. When it became clear that the president would be chosen by an electoral college comprising senators, deputies and representatives of the several states of the union, Brizola supported the candidacy of Tancredo Neves.

He felt, however, that the mandate of the future chief of state should be temporary and that the president should call for direct presidential elections within a short time. When that day comes, it is said in Brazil, the country will have to reckon with Brizola.

EXPRESSO: Governor Brizola, is freedom taking root in Brazil, or do you feel that the armed forces could intervene again in the future?

Brizola: A regression is always possible, but considering the present trends in Brazilian life, it is not likely. I believe that the armed forces will withdraw from politics, and we civilians should encourage this tendency. Up to now, they may have taken positions that distressed us, that we disagreed with, but the Brazilian armed forces are not a Somoza guard. They are institutions with traditions. They are the national organization which defend the nation's sovereignty.

Many people say that the armed forces withdrew because we are deep in an economic crisis and that they are reserving the power to intervene again. This may be true, but this is the challenge for us: to preserve and consolidate the present areas of freedom, to broaden them and to make every effort to see that the armed forces adapt to the new times and remain within their constitutional functions. This is how I see the picture. I am optimistic, but I also think that a great deal will depend on our wisdom and ability. This is our challenge. It is one of our challenges.

#### Social Republic

EXPRESSO: Will this new democracy go forward with structural reforms? Tancredo Neves even talks in terms of a New Republic...

Brizola: Brazil is headed for a period of liberty, toward a state of law, and for some political reforms, highly important reforms in the economic and social structures. Just as before the 1964 coup d'etat, we are living in a period of crisis, a period of much questioning of our social and political life, but clearly in the opposite direction.

In 1964, we were in a kind of slide toward authoritarianism, toward a coup, toward a collapse of democratic institutions. Now it is just the opposite. We are looking toward the rebuilding of our institutions, a period filled with the search for alternatives and solutions. When we talk of a New Republic, this is quite possibly the case.

The republican period in Brazil could be divided into two great cycles.

The first was oligarchic, dominated by a kind of agrarian aristocracy, with semi-feudal labor relations, and this lasted through the early decades of this century.

The second period, of a business nature, was imposed with great difficulty and it resulted in the 1964 coup. It had to be sustained by a kind of Bonapartism, represented by this regime which lasted more than 20 years. It proved to be unworkable, because Brazil lost the opportunity to develop under an autonomous, independent capitalism with social concessions, like the United States, for example, in its formative period. There was a kind of concubinage of sectors of Brazilian business and the multinationals, which limited the Brazilian middle class and marginalized and impoverished most of the people.

Therefore, the third republic which is beginning now will be social in nature. I think we are entering a democratic and social republic, because the great issues in Brazil are the social issues. The solution of the economic crisis, economic development itself, demand the solution of some impasses of a social nature.

#### Transition President

EXPRESSO: What is your opinion of Tancredo Neves?

Brizola: Our future president is the right man for the right moment. He is a man who has accumulated vast experience; he is a person with infinite capacity for dialogue; he has a profound understanding of the life and the problems of the country; he has friendly relations with everyone.

He is the person indicated for this phase, which is, understandably, one of transition. He is coming in to clean house. It is an essentially political phase and I hope, the nation hopes, he performs his great role well.

EXPRESSO: Still, you see his mandate as temporary.

Brizola: We in the PDT support the installation of Tancredo Neves as a transition president whose legitimacy is confined to reasonable and prudent limits with regard to the term of office.

We think the great mission of Tancredo Neves is political and institutional, and it is not to administer the country as a president normally does. He must manage the nation's affairs and prepare it for general elections.

EXPRESSO: Is this because the future president was not elected by direct popular vote?

Brizola: Yes. We are fighting for direct presidential elections. We were denied them, but the campaign for direct elections was of such dimensions that it finally rocked the base which held up the regime. It upset the situation to the point that the conditions were created for us to win the presidency by the rules of the regime itself, through the electoral college created by the regime itself to perpetuate itself.

We used the weapons of the oppressor to liberate ourselves from the oppressor, in an entirely legitimate process. However, we think that those of us who denounced this electoral college as illegitimate and spurious, who pointed to the president-generals who came out of this electoral college as being illegitimate, cannot go on with electoral colleges. We cannot take the weapon away from the oppressor and proceed in the same way as the oppressor. We believe that the legitimacy by which this presidency is assumed is temporary. A wise and proper transition. Beyond the limits of a reasonable time, we will be overstepping the bounds of legitimacy.

EXPRESSO: What limit does the PDT set for this period?

Brizola: We think the limit is situated in 1986; when the present mandates come to an end, we will necessarily hold elections for the governors of all the states, for senators and deputies of the National Congress and for state deputies. Well, if the entire nation will be voting, why not include one more small square on the ballot, where the voter can mark his choice for the presidency of the republic?

We think the transition period should last, at most, until 1986, which is not to say that an election for president and for a National Constituent Assembly could not be held before that time. We even think it should be earlier,

because, if a constituent assembly is not elected until 1986, it can only begin to deliberate in 1987. We think 3 years is too long and even creates risks for the building of democratic institutions.

EXPRESSO: Is this position in defense of direct elections in the near future shared by the majority of those who supported Tancredo Neves?

Brizola: No, at the moment this is not the position of the majority of the electoral college which elected Tancredo Neves, nor, apparently, is it his own opinion. They have another plan in mind, which opens the prospect that we must face another 6 years without direct elections for the presidency of the republic.

They think a constituent assembly should be convoked in the general elections in November 1986, which would deliberate on a new constitution and also on the length of the mandate of Dr Tancredo Neves. Well, a constituent assembly, in 1987, is not going to interrupt the president's mandate; it will grant him some more time, some 3 years more. This would make the presidential election coincide with the general elections in November 1980.

This prospect is inconceivable to those of us who spoke out so strongly against the authoritarian regime. We are convinced that this plan is inspired more by the intent of the new liberal and conservative forces to consolidate their power than by the intent to build truly democratic, free and enduring institutions.

#### Critical Independence

EXPRESSO: What alternative do you propose?

Brizola: A transition government with a political mission. We need to revoke countless restrictive laws, a whole body of legislation which dates from the authoritarian period and for which there is no justification for retaining. Modifications to bring about a liberalization in matters of immunities and liberties. The right to the free organization of parties and the establishment of democratic electoral rules are also essential.

I am convinced that this transition government should call, as soon as possible, for direct and simultaneous elections for president of the republic and for a constituent assembly. When the transition period is over, Tancredo Neves himself could then run for office in these elections to win a normal constitutional mandate.

EXPRESSO: Given the present picture, what position will the PDT adopt? Will it support the new government or form the opposition? Will the PDT seek to influence the choice of the new cabinet?

Brizola: Our position is one of critical independence, except that we do not intend to create any kind of difficulty. In the current transition phase, and seeing Tancredo Neves as a transition president, he has all our support. If, tomorrow, by specific initiatives, he makes it clear that he intends to

call for simultaneous elections for president and for the constituent assembly in 1986, we are entirely on his side.

However, since the determinations would appear to be otherwise, we take this attitude of independence. We will not conduct a systematic opposition; we are prepared to support anything that appears to us to reflect the public interest. We will not participate in the government, because if we did we would be committed to a perspective with which we are in disagreement, so there would be no reason for us to have any influence on the choice of his cabinet.

#### Country Swallowed up Regime

EXPRESSO: The PDT calls itself a labor party. What does this mean?

Brizola: Laborism is a social movement which developed in Brazil in very characteristic fashion, appropriate to our milieu. It developed empirically. The point of reference for its birth was President Getulio Vargas, who acted as the bonding agent. It was in the Vargas era that the so-called working people united for the first time in Brazil.

As a result of this social movement, a party was organized which was called the Brazilian Labor Party (PTB). As the influence of the Communist Party waned, the PTB developed to the point where it had the largest bench in the congress.

The 1964 coup broke it apart. Since the PTB was essentially a democratic, open party, it had great difficulty resisting the repression and persecution of the regime. The dictatorship was breaking heads; it was arresting and selectively exiling our comrades. However, the physical and social immensity of this country was swallowing up and digesting this regime.

After the long night of authoritarianism, we were convinced that the movement was alive, like a live coal hidden in the ashes, and it only needed the winds of freedom to reignite the flame. When we returned from exile, we began the task of reorganizing the party. We were prevented from using the label of the old PTB, but we persisted in its creation and we took the name of the Democratic Workers Party.

#### Possible Candidacy

EXPRESSO: Is the PDT considered a socialist or social democratic party as this is understood in Europe?

Brizola: Throughout all these years, we have had many theoretical discussions. From what we know of the world, we came to the conclusion that our movement was really the Brazilian path to social democracy, in the last analysis, to socialism in freedom: this search for a freer, more fraternal, more humane and more egalitarian society.

The PDT has already taken this form. Both its basic ideals and its doctrine were expressed in this context and were based on this reality. Now, with more free space and more deeply instilled with the new realities of our country, we are working to reach another level. Based on the structure of the present PDT and bringing in new contingents, we are preparing for a great congress, to be held probably in April. We are going to build a new organization, in which we will express our socialist and democratic nature in a more emphatic way.

Brazil is entering a period in which it must face impasses of a social nature. This is the period in Brazil for organizing the parties, but basically a period in which parties of a social nature--that is, the democratic socialist parties--will shape the national will.

We want other parties to be organized as well, but we are convinced that a limitless future is opening for us. If the other currents, such as Lula's Workers Party, or some groups that are now in the PMDB opposition front, really have the nature which they claim, it is a question of weeks, months or, at most, a few years before they join with us in the cause of democratic socialism.

EXPRESSO: A final question. Do you intend to run for president of the republic in the future direct election?

Brizola: Actually, we don't even know when we will have elections. My greatest concern is to build the party. Any possible candidacy for me is exactly that--a possibility.

You know, the great corporate structures that exploit our people, here inside the country and there abroad, are organized. It is our people who are not organized. They need a political party of a social nature that will struggle for change, for reforms that will do away with economic exploitation and the present state of injustice, a party that opens the way, that opens prospects for social justice and free and democratic fellowship.

6362  
CSO: 3342/123

BRAZIL

**GOALS, PLANS OF LATINEQUIP TRINATIONAL FIRM**

**March Date Set**

**Sao Paulo GAZETA MERCANTIL in Portuguese 23-25 Feb 85 p 8**

**[Article by Yves Leon Winandy]**

**[Text]** LATINEQUIP, a trinational corporation formed to serve as broker in the capital goods area, will officially go into operation on 4 March in Buenos Aires. Its formation will be celebrated this Monday, however, in a ceremony led by Governor Franco Montoro in the Bandeirantes Palace in Sao Paulo.

There are two explanations for the importance given to this event: the first is the participation of the State Bank of Sao Paulo in the new company, in equal shares with the National Financial Bank of Mexico and the Bank of Buenos Aires Province, of Argentina; the second reason is political, because this venture may represent the first step toward effective Latin American integration in the machinery and equipment sector.

**Goals**

"Our interests range over the whole capital goods area, from farm machinery to computers," explained Eduardo M. Bassi Nascimento, aged 51, director-president of LATINEQUIP. "Our three main goals are to serve as broker in the purchase and sale of capital goods, in the transfer of technology and in the financing of the sector."

In the beginning, LATINEQUIP will concentrate its efforts in support of exports of capital goods produced in the home countries of the three shareholders. It has an authorized capital of \$6 million, \$3 million of which will be put together by the beginning of March, also to be shared equally among the partners. The company will have its headquarters in Buenos Aires, staffed by 26 officials.

The funds already guaranteed by the shareholders should serve basically to maintain its operations. The negotiations in which it will mediate should be financed with funds obtained from private or state banks and lines of credit granted by development banks.

15 April 1985

## Accord

"We are going to sign an agreement that the companies' three member banks will maintain LATINEQUIP offices in their headquarters," said the executive, a former director of Kepler Weber.

Bassi Nascimento also reported that he had already had contacts with the IBRD [International Bank for Reconstruction and Development] and the BID [Inter-American Development Bank], seeking to obtain financial support for the project.

## Expectations Vary

Sao Paulo GAZETA MERCANTIL in Portuguese 26 Feb 85 p 23

[Article by Yves Leon Winandy]

[Text] The official launching of LATINEQUIP, a trinational company in support of the Latin American capital goods industry, was witnessed yesterday in Sao Paulo by about 100 businessmen and top executives of some dozens of companies in the sector. Some of them, more optimistic, even offered suggestions for the activities of the new company. Others, more reserved, preferred to express the hope that LATINEQUIP would help them overcome one of the major obstacles to their business: the lack of financial resources.

"We would like to work with LATINEQUIP, because our activities are complementary. LATINEQUIP will be of great help in our struggle to win the Latin American market," declared Aldo Lorenzetti, vice president for Brazil of ALABIC (Latin American Association of Capital Goods Industries). LATINEQUIP, which will go into operation on 4 March in Buenos Aires, is capitalized by BANESP [State Bank of Sao Paulo], the National Financial Bank of Mexico and the Bank of Buenos Aires Province, of Argentina.

Lorenzetti, who is also president of Lorenzetti S/A, Industrias Brasileiras e Eletrometalurgicas, feels that "because of its influence with the governments," LATINEQUIP could bring about changes in the rules of international competition. "For example, it could make it possible for Brazil or Argentina to allow exported equipment to compete on equal terms with equipment sold in its own country."

"LATINEQUIP's activity creates great expectations and merits the support of our sector," said Hiroyuki Sato, director-secretary of SINDEMAQ (Interstate Machine Industry Association) and the director of Maquinas Iwawa. Speaking during the panel session to introduce the new company, Sato suggested that it begin by concentrating its resources on small regional operations, "so as to assist more companies, instead of putting everything into a few large transactions."

Roberto Cainby Vidigal, president of ABDIB (Brazilian Association for the Development of Basic Industries), was more reserved. He confined himself to stressing the need for LATINEQUIP to participate in putting together the financial "packages" to enable the exportation of capital goods. "LATINEQUIP's associates are banks. No one could solve the major problem of Latin America, which is the lack of credit, better than these three banks."

In his comments, Sato referred to the "great potential" for growth in sales of capital goods in the region. He noted, for example, that the three countries represented in LATINEQUIP imported \$10.1 billion worth of machinery, mechanical and electrical equipment and transport material in 1982. Only 3 percent of this business (or \$297 million) went to Latin American companies and 2 percent (or \$207 million) to companies in Brazil, Argentina and Mexico.

"LATINEQUIP should make an effort to see that the democratic governments in the three member countries enlarge or create a preferential margin for each others' products," the SINDEMAQ representative suggested. "In the member countries, LATINEQUIP should give preference to the buyer and not the seller; in exports effected regionally, LATINEQUIP should act as the guarantor of payment," he concluded.

#### Consortiums

Still completing the arrangements for its entry into operation, LATINEQUIP already has written inquiries from businessmen interested in expanding their operations in Latin America. "We have, in our files, specific cases of offers to form binational or trinational consortiums," reported Abraham Stein, financial director of the new company and representative of the Bank of Buenos Aires Province in the association.

Such operations and others point to the placement of a series of products of the three countries on international markets, adding up to "tens of millions of dollars."

To serve as broker in these negotiations, LATINEQUIP plans to obtain funds from official credit banks like IBRD and BID, state banks and private banks. "One important element will be the use of credit lines already existing in the three countries. There is credit granted by the BID which could be used in negotiations of the 'supplier credits' type," Stein said. These funds are estimated at about \$150 million in credit available to the three countries.

#### Markets

"Mexico needs certain equipment for the petroleum industry, parts for giant turbines, sea water desalination plants and equipment for its nuclear industry," explained Hector Pereda, commercial director of LATINEQUIP and representative of the National Financial Bank of Mexico. According to Stein, Argentina needs technology, equipment and export financing, but mainly it needs international markets for its products.

LATINEQUIP's creation was also supported by Alberto Nechar Netto, director of the international division of FNV-Veiculos e Equipamentos S/A. "I hope LATINEQUIP can really solve the problem of the continuity of business negotiations in Latin America and that it can provide more specific guidance regarding the local problems of each country, giving precise information on the bureaucratic obstacles which exporters may come to encounter."

### **Expectation**

"The existence of LATINEQUIP offices in the Latin American countries could make it much easier for Brazilian companies to do business, enabling them to compete on an equal footing with other international suppliers." GAZETA MERCANTIL received this evaluation in a telex sent by the directorate of Filsan Equipamentos e Sistemas S/A.

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CSO: 3362/126

BRAZIL

ACTIVITIES OF NATIONAL ENERGY COUNCIL SINCE 1979

Sao Paulo GAZETA MERCANTIL in Portuguese 23-25 Feb 85 p 10

[Text] Planning Minister Delfim Netto has forwarded a report to President Joao Figueiredo on the 5 years of activity of the National Energy Commission (CNE), created in 1979.

The report, drafted by Professor Eduardo Celestino Rodrigues, president of the SEPLAN [Planning Secretariat] Energy Commission, emphasizes that one of the principal achievements in this period was the increased production of petroleum and a reduction in consumption and importation.

In 1979, Brazil produced only 171,000 barrels of oil per day and imported 1.04 million barrels. The report indicates that this situation has been completely altered during the current administration; the country was producing 530,000 b/d (on 12 December 1984) and importing only 472,000 b/d.

Consumption of petroleum derivatives declined from 1.1 million b/d in 1979 to 952,000 b/d in 1984, "as a result of conservation measures, the price policy for derivatives, the substitution of national renewable resources,

changes in transport means and, primarily, the creation of a national awareness of the imperative need to conserve energy," the document states.

The country's increasing production of petroleum, which has almost doubled in the period, and the use of a substantial volume of carburetant alcohol and other alternatives, such as coal, electricity and natural gas, in association with diminished energy consumption, has permitted a 53-percent reduction in petroleum imports.

Before the first oil crunch, in 1972, petroleum imports were equal to 13.5 percent of all Brazilian exports. In 1984, imports were reduced to \$5.4 billion, equal to 19.8 percent of exports. This year, imports are expected to drop to \$4.5 billion, which should be equal to slightly more than 16 percent of the value of Brazilian exports, the report notes.

Table 1. Energy Saving per Unit of Steel Produced: Variation in Specific Consumption (kilograms of fuel oil per ton of raw steel)

<u>Year</u>	<u>Goal</u>	<u>Result</u>	<u>Index</u> (65.2=100)
1980	65.2	53.6	82
1981	49.5	47.9	73
1982	33.7	47.1	72
1983	28.0	38.2	58
1984 (first half)	28.0	34.2	52

Table 2. Fuel Oil Consumption in the Paper-Cellulose Sector (1,000 tons of fuel oil per year)

<u>Year</u>	<u>Goal</u>	<u>Result</u>	<u>Index</u> (103=100)
1980	1,075	1,081	100
1981	1,133	889	82
1982	633	810	75
1983	576	613	57
1984	455	480	44

Table 3. Consumption, Production and Importation of Crude Oil (in 1,000 b/d)

<u>Item</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Consumption	1,122	1,098	1,016	1,018	961	946
Production	171	197	220	266	339	474
Importation	1,004	872	844	737	622	472
Prod/Cons.	15%	17%	21%	26%	35%	50%

Table 4. Cost of Petroleum to Brazil

<u>Cost</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Dollars/barrel	18.36	30.83	36.72	35.38	32.04	31.00
Net import (\$1 million)	6,639	9,811	10,350	9,301	7,274	5,355

Source: PETROBRAS

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BRAZIL

OIL PURCHASES FROM USSR, PRC, OTHERS NEGOTIATED

USSR Accord Signed

Sao Paulo GAZETA MERCANTIL in Portuguese 6 Mar 85 p 12

[Text] Brazil and the Soviet Union have signed a 4-year "countertrade" agreement valued at \$750 million. In exchange for sales of food products and manufactured goods, including steel products and drilling rigs, PETROBRAS [Brazilian Petroleum Corporation] will substantially increase its purchases of Soviet petroleum.

The agreement, which represents the major commercial accord between the two countries, is part of the Brazilian effort to increase sales to its petroleum suppliers through an exchange system.

The negotiations were conducted last year and the general lines of the accord were agreed on in November, according to one of the Brazilian companies involved. The accord was kept secret until the oil purchase agreements were concluded.

Brazil recently signed an annually-renewable agreement with Nigeria, which could amount to \$1 billion, providing for sales of a broad range of products in exchange for petroleum.

Similar understandings were reached with Angola and Iraq, and discussions are in progress with other petroleum suppliers, including China.

The most interesting aspect of the Soviet agreement is the important role played by a relatively small, family-controlled company in the mining and civil engineering sector, based in Campinas, Sao Paulo State.

The Nobara Sociedade de Mineracao, Comercio e Industria, owned by Francisco and Fernando Walker, two brothers of English origin, was awarded a contract to supply four offshore drilling platforms, despite intense competition from the United States, Japan and South Korea.

Nobara entered the platform construction sector 4 years ago; until now, its only major success was a 1981 order from Aramco, a petroleum consortium which operates in Saudi Arabia, for four small prospecting rigs.

Francisco ("Frank") Walker said yesterday that delivery of the platforms to the Soviet Union will begin within 2 years and will be concluded in 1989. It is believed that Nobara has an optional order for six more platforms.

Walker did not divulge what portion of the value of the trade agreement goes to Nobara, but he said the whole package includes several other products, such as steel and sugar.

According to the agreement negotiated with the Soviet Union, PETROBRAS will import petroleum and will make payments in cruzeiros to the Brazilian suppliers. In addition to Nobara, these suppliers probably include the Sugar and Alcohol Institute and SIDERRBAS [Brazilian Iron and Steel Company].

Trade between Brazil and the Soviet Union, which leans heavily in favor of Brazil, has been at a very slow pace in the past 2 years. Brazilian exports reached their highest level, \$669 million, in 1983.

Traditionally, the principal products involved have been soybeans and soybean bran, refined and Demerara sugar, coconut oil and frozen chicken, as well as small amounts of heavy machinery.

#### Arab Oil Purchases Down

Brasilia CORREIO BRAZILIENSE in Portuguese 9 Mar 85 p 15

[Article by Lucio Santos]

[Text] Rio--Brazil has been reducing its purchases of Arab oil because of the counterpart policy adopted by the Brazilian Government. Thus, oil purchases by PETROBRAS in any particular country are more or less a function of Brazilian exports to that country. The statement came yesterday from Carlos Sant'Anna, trade director of PETROBRAS, who explained that the Soviet Union and China are replacing the Arabs as Brazil's suppliers.

Sant'Anna said that, except for Saudi Arabia, all the other countries which export petroleum to Brazil also import Brazilian products. He justified purchases from Saudi Arabia on the basis of the quality of its petroleum, which is used to manufacture lubricating oil. Even so, imports have fallen from 200,000 barrels per day [b/d] in 1982 to 75,000 b/d, which Sant'Anna said is sufficient to meet Brazilian demand for lubricating oil.

Iraq is currently Brazil's largest oil supplier, at 170,000 b/d, 50,000 of which are paid for with exports of Brazilian products. Iraq has already sold Brazil 220,000 b/d. Imports from Iran were suspended in April 1984 because of the war with Iraq, but a new contract is being negotiated, in a 100-percent counterpart arrangement, for 45,000 b/d, equal to \$500 million per year. Algeria supplies between 10,000 and 15,000 b/d, also in a 100-percent counterpart agreement.

Carlos Sant'Anna said that Brazil's second largest petroleum supplier is currently Nigeria, from which Brazil imports 100,000 b/d: 10,000 barrels purchased in dollars, 50,000 barrels for refining and 40,000 barrels in equivalent trade. An agreement is now being negotiated to increase counterpart imports of

Nigerian oil from 40,000 to 80,000 b/d, which would mean Brazilian exports of about \$800 million per year.

Brazil is importing 45,000 b/d of oil from China, in a 100-percent counterpart arrangement. Sant'Anna explained that, at the moment, the Chinese package is set, and there are no negotiations to increase oil imports from that country.

The Soviet Union is the only oil supplier with which the trade balance is in our favor. Brazil imports 25,000 b/d from the USSR and its exports to the Soviet Union are worth much more than this. Exports to the USSR are even expanding, but Carlos Sant'Anna said that, to date, the Soviet authorities have not asked Brazil to purchase more oil. Mexico and Venezuela are the other two countries which supply oil to Brazil, in small amounts which Sant'Anna could not specify.

The PETROBRAS trade director added that Brazil would import 650,000 [b/d] of oil this year, valued at \$6 billion, and \$2 billion of this will be reexported as derivatives. Hence, he said, Brazil will be paying about \$4 million to import oil in 1985.

#### Arab Reciprocity Urged

Rio de Janeiro 0 GLOBO in Portuguese 8 Mar 85 p 18

[Text] Sao Paulo--If the Arab countries do not respect trade reciprocity, importing more Brazilian products to bring the trade into balance, Brazil will buy its petroleum from the Soviet Union and China, countries which can meet Brazil's domestic needs on more favorable terms.

The warning came from Carlos Viacava, director of CACEX [Foreign Trade Department of the Bank of Brazil], who was honored at a luncheon given by the Arab-Brazilian Chamber of Commerce in Maksoud Plaza. The luncheon was attended by 200 guests, including Arab ambassadors and consular officers and businessmen. On that occasion, the Chamber of Commerce presented 25 Brazilian exporters with the "Visconde de Cairu," "Visconde de Maua," "Minister Pandia Calogeras" and "Exportador Emerito" awards for their efforts in bilateral relations between Brazil and the Arab countries.

"During the petroleum crisis, we had the support of the Arab world, which continued to supply oil and credit. In today's reality, however, Brazil could increase its exports to other non-Arab countries who promise to sell us oil. We can use our importation of oil to negotiate sales of our products," Viacava said.

Brazil had a \$2 billion deficit last year in its trade balance with the Arab countries.

"Our purchases amounted to \$4.5 billion and our sales came to \$1.5 billion," said the CACEX director.

Viacava thinks PETROBRAS could "get tough" with the Arabs, making oil imports contingent on exports of Brazilian products.

### Short of Goal

The PETROBRAS goal of producing 560,000 b/d of oil by 15 March will not be met, because of technical and operational problems. The news came yesterday from Joel Mendes Renno, who explained that production should reach 550,000 b/d. The goal of 600,000 b/d by the beginning of the second half of 1985 still stands, Renno added.

The director said that oil production is proceeding within the technical standards of security, with the primary goal of preserving the petroleum reserves.

"It is not true that PETROBRAS is engaging in predatory production; there has never been any haste to produce at any cost," he said.

### Oil Imports Down

Brazilian oil imports amounted to \$423 million in February 1985, or 19.58 percent less than in February 1984, when they totaled \$526 million, according to statistics released yesterday by CACEX.

In the first 2 months of 1985, foreign oil purchases were down 21 percent from the same period last year, from \$1.1 billion to \$890 million.

According to CACEX, the reduction in petroleum imports was the principal factor enabling Brazil to achieve a \$541 million trade surplus, since exports declined by \$314 million for the same period.

### Nigerian Accord Under Study

Sao Paulo GAZETA MERCANTIL in Portuguese 5 Mar 85 p 3

[Article by Suely Caldas]

[Text] Roberto Fonseca, vice president of Cotia Export and Import Trading Company, is currently in Lagos, Nigeria, negotiating an extension of the agreement signed with that country in September 1984. Brazil has sold \$500 million worth of merchandise to Nigeria and purchased \$400 million worth of petroleum under the agreement, which includes a clause providing for an extension. Hamilton Albertazzi, director of the state company, predicted last week that, under the extended contract, Brazil would purchase an added 40,000 b/d of oil, for a total of 80,000 b/d. Roberto Fonseca should return to Lagos next Friday, and if he arranges an extension, Brazil's exports to Nigeria this year could amount to \$1 billion, and we would take Britain's place as the major exporter to this former English colony. Incidentally, England's prestigious FINANCIAL TIMES devoted three columns to this prospect in its 26 February issue. The agreement signed in September 1984 will expire at the end of this month and would be extended for another 6 months.

Cotia Export and Import Trading Company has industrial and agricultural investments in Nigeria and had struggled for years with the Brazilian and Nigerian governments to bring about the agreement negotiated in 1984.

The two main obstacles were PETROBRAS's reluctance to agree to purchase Nigerian oil and Nigeria's OPEC quota, which had been committed to other purchasing countries. Last year, however, the petroleum market situation favored the establishment of the agreement. Nigeria has bought sugar, cotton, tires, automobiles, salt, soybean bran, iron ore, building materials, tiles, bricks, iron alloys, nonferrous metals and other products.

By the end of February, Cotia had issued \$160 million worth of export permits, and \$45 million worth of exports had already been delivered. Cotia has promised to issue permits for the remaining \$340 million by the end of this month, when the agreement expires. Cotia acts as the sales agent for the agreement; it purchases the merchandise from the domestic manufacturers, which include Volkswagen and the Vale do Rio Doce Company, and is responsible for shipment to Nigeria. Last year Cotia stood seventh among the companies which export to Nigeria, because deliveries were initiated only this year. The major exporter was PETROBRAS, which sold almost \$500 million worth of gasoline to the Nigerians, followed by Volkswagen, with \$40 million in sales.

#### Trade With China Considered

Brasilia CORREIA BRAZILIENSE in Portuguese 5 Mar 85 p 18

[Text] Rio--The People's Republic of China is interested in exporting about 3 million tons of petroleum to Brazil this year, according to information from the Foreign Trade Department of the CNI [National Confederation of Industry]. The Chinese would like to import vehicles of various types, refrigerators, washing machines, plastic sheeting for agricultural use, wrapping paper of the "kraft line" type, light cardboard and corrugated cartons. There is also a good possibility that the Chinese will import 1 million tons each of steel and pig iron.

According to the CNI trade department, Brazil would be willing to increase its iron ore exports to China beyond the level provided in the protocol of intent signed in March 1984 between SIDERBRAS [Brazilian Iron and Steel Company] and the Chinese state company MINMETALS.

The export of tropical woods to the Chinese market is another option for the Brazilian businessmen, as well as the sale of paper and cellulose. Members of the Chinese delegation which visited Brazil in 1984 were receptive to the placement of pharmaceutical products and medical-hospital equipment on the Chinese market.

The CNI Foreign Trade Department also explained that the Chinese are interested in acquiring trucks; a Chinese delegation of automotive specialists is expected to arrive here this year. For its part, Brazil is interested in increased economic cooperation with China in the petroleum sector; the formation of "joint ventures" for the exploitation of Brazil's forest resources and the manufacture of wood products; cooperation in the agricultural exploitation of Brazilian scrubland; and in providing consulting and engineering services for the programs to modernize and expand Chinese ports, including terminals for mineral products.

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BRAZIL

#### CARAJAS RAILROAD INAUGURATED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 85 p 25

[Text] Today, with the test of time, it is felt that the CVRD [Vale do Rio Doce Company] made the right decision. First, because [the Carajas Railroad] assured its position as a major world mining company, insuring a market which was being threatened by the gradual exhaustion of the Itabira (Minas Gerais) mines and the declining quality of the ore produced there. Second, because it averted the appearance of other projects on this scale outside the country; they would not be in a position to obtain financing today, given the impossibility of competing with the quality, prices and reliability of delivery which Carajas offers.

The Carajas Railroad [EFC] project is based on the mine-railway-port tripod. CVRD has used this formula successfully in the past, linking the Itabira mines to the port of Vitoria (Espirito Santos) via the Vitoria-Minas railroad. The CVRD stands to earn \$700 million annually just from the Carajas iron ore; 70 percent of the production from this vein over the next 3 years has already been sold.

In this gigantic undertaking, consideration was given to protecting the environment and the quality of life of the inhabitants and the workers. To this end, the CVRD created an environmental management organ, to minimize and, wherever possible, to eliminate any threat to the ecology and to harmonize the project with the characteristics of the region. Among the facilities already completed are a dam to receive waste from the plant and to supply potable water to the population and a lake which is being stocked with fish.

The ecological program also includes the reforestation, with trees native to the Amazon Region, of the stretches of forest land affected by construction, the recovery of the land along the railroad line and control of the impact of the Ponta da Madeira port construction on the ecosystem of the coast of Maranhao. Initiated in 1981, this environmental protection program has already cost \$32.9 million, and another \$5 million will be invested this year.

The 14 indigenous communities in the area were also considered in the environmental management program; \$13.6 million is allocated for aid to the Indians, demarkation of the reserves, housing construction and educational and health orientation, with the participation of FUNAI [National Indian Foundation].

The CVRD signed an accord with the Gaviao Indians, who will receive indemnification for the passage of the EFC through the Mae Maria reservation and a commitment from the CVRD to guarantee the integrity of the area, prohibiting entry of gold prospectors, fishermen, hunters or settlers.

#### Change

Following the official inauguration of the railroad, Para Governor Jader Barbalho said he hoped that the structure of the project would be modified soon, "in the greater interests of the region." The mineral province is located in his state, and among the modifications proposed by the governor is the transfer of the Carajas project's directive council, now composed of ministers and high officials of the federal government, over to SUDAM [Superintendency for Development of the Amazon Region].

Jader Barbalho advocated a revision of the current Single Tax on Minerals, which he considers "simply ridiculous," as part of the future tax reform to be effected by the Tancredo Neves government. "Such a revision would enable Para State to take in enough revenues to permit installation of the basic industries which we need in the industrial district of Maraba," he declared.

Although the Presidency of the Republic did not offer the governor of Para the courtesy of a few minutes to speak during the inauguration of the railroad, the governor said he was treated cordially. During the time he spent at Figueiredo's side, Barbalho said the president gave him a "moving account of the last 20 years of Brazilian politics." The governor refused, however, to divulge the contents of Figueiredo's revelations, claiming "it would not be ethical."

#### Only Railroad in 20 Years

The Carajas Railroad--the only railway built in Brazil in the last 20 years--was completed by the CVRD in a record time of 780 days. It is 890 kilometers long, from Sao Luis (Maranhao) to the mines in the Carajas range in Para. The 1.6-meter gauge railway, built with the most modern technology, can handle trains of up to 160 cars loaded with iron ore and other products which will be shipped initially to the port of Itaqui and later to the port of Ponta da Madeira. The latter port, currently under construction by the CVRD, is 10 kilometers from the capital of Maranhao. It is a deep-water port, which can receive 20,000- to 280,000-ton freighters and can operate 365 days a year, without interruption. In January 1986, exports will reach a pace of 15 million tons per year, later reaching 25 million tons and, in 1987/1988, exports will reach 35 million tons per year.

Since 1984, the EFC has transported about 300 tons of grain, lumber and other cargo from the interior of Maranhao to Sao Luis, representing a savings of 70 percent to the producers, compared to the cost of shipping by river.

To use the railraod more profitably, the small and medium producers are being encouraged by the CVRD and by federal and state agencies to organize into cooperatives. Private companies also have plans to install pig iron plants along the



EFC, capable of producing 1 million tons per year, as a start. Since it connects extensive areas of Para and Maranhão with the coast and with the Belém-Brasilian highway, the EFC will influence the development of the entire region.

#### Difficult Beginning

In 1977, investment in the Carajás Railroad project was calculated at \$5.7 billion. The American firm United States Steel, which had been associated until then with the CVRD in the venture, withdrew from the project because of the huge costs and a pessimistic evaluation of the international market prospects.

However, the CVRD believed in Carajás; the deposits which had already been measured indicated 18 billion tons of high-content (66 percent) iron ore, the largest vein discovered in the world to date, in addition to 1.2 billion tons of copper, 75 million tons of manganese, 48 million tons of bauxite and a significant occurrence of gold, nickel, chromium and tin. The iron ore deposits alone are sufficient to enable the CVRD to export 35 million tons annually for the next 514 years.

In the middle of a world crisis in the mineral market, the CVRD decided to go ahead with Carajás. It redefined the project in 1979, reducing the costs to \$4.4 billion, \$3.8 billion of which were fixed investments. Then it signed medium- and long-range export contracts, guaranteeing sales of 28 million tons per year. This done, it was not difficult to obtain loans of \$300 million from the world Bank and \$1.4 billion from private banks, with fixed interest rates below the average market rate (in many cases, as low as 8 percent per year). Only \$700 million of these loans have been used, however, because the CVRD was able to arrange the conditions to complete the project with its own resources, in cruzieros. Moreover, the fixed investments, estimated at \$3.8 billion, could be substantially reduced and may not reach \$3 billion.

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BRAZIL

BRIEFS

SHOE EXPORTS STATIC--Porto Alegre--The footwear industries in the Vale dos Sinos region in Rio Grande do Sul, which account for about 80 percent of Brazilian exports in this sector, expect to sell 96 million pairs of shoes this year worth \$740 million. These figures are the same as those for last year, according to the estimates provided by the vice president for foreign marketing of the Novo Hamburgo Trade and Industrial Association, Walter Gilberto Broda. This industrialist does not believe that exports will increase, because there was already a substantial increase in sales between last January and December as compared to the same period in 1983, totaling 54.16 percent of all the pairs of footwear marketed. "Thus the trend is toward maintenance of the 1984 effort, despite the difficulties which may arise in 1985," he said, adding that on the other hand there should be an increase in sales on the domestic market, "since it may possibly absorb a part of the production intended for foreign sales." In announcing the statistical summary of 1984 exports, Broda noted that last December alone, the total came to 8,633,000 pairs, worth \$64,140,000, showing a monetary increase of 6.3 percent over that same month in 1983. For all of last year, exports totaled 96 million pairs, while the total was 62 million for 1983, representing \$469 million. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jan 85 p 25] 5157

INHAUMA CORVETTES CONSTRUCTION--Brasilia--The high command of the navy, in a meeting held in Rio last week, discussed the settlement of matters still pending which must be resolved by 15 March, the date of the changeover in government in this country. One of these matters was the choice of the shipyard to be made responsible for the building of four corvettes of the Inhauma class, which will become a part of the Brazilian fleet. The five proposals pertaining to the shipyards selected by the Naval Bidding Commission, which are Verolme, Emaq, Maua, So/Ebin and Ishikawajima, have already been analyzed from the technical and financial points of view, and the naval high command will rule as soon as certain aspects deemed unclear by naval technicians have been clarified. They have to do in particular with the problem of the disparity in price estimates supplied by the shipyards. There were differences in the budgets submitted of up to 50 percent. The question of financing, according to certain military officers in the ministerial bureau consulted on the matter, has not as yet been entirely defined, although Minister of Planning Delfim Netto met with Admiral Alfredo Karan a week ago. In any case, naval officers say, the matter will be settled by March and the Brazilian fleet can expect the replacement of its present nine Imperial-class

corvettes with the series of Inhauma-class corvettes planned by the navy's naval engineering office. The four planned corvettes (out of a total of 12), with a displacement of 960 tons and a length of 95 meters, will be used to patrol Brazilian territorial waters. Regarding the weapons system, the naval armaments and communications office has already signed a contract with a British enterprise, Ferranti, for the supply of fire control equipment, as well as testing apparatus, documentation, detailed manufacturing data (to make domestic production possible), and a program design center which can provide the corvettes with support. These vessels will be equipped with four ramps for the launching of Exocet MM-38 sea-to-sea missiles and six antisubmarine torpedo-launching tubes. Each will have a British Vickers MK-8 4.5-inch cannon on the prow, and also two Bofors 40-millimeter guns. Each of these corvettes can carry helicopters of the Lyns type, which the navy has already used, on its stern. The second lot of six corvettes will be equipped with Barracuda-type missiles manufactured in Brazil, and will also carry a battery of eight Avibras SSA-1-N antiaircraft missiles. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Feb 85 p 6] 5157

VW'S TO IRAQ--ABC [Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul industrial section)--Negotiations between Volkswagen of Brazil and Iraq with a view to the largest export contract ever signed by our domestic automobile industry were concluded this week. With the signing of the document setting forth the system of loading, unloading and storing oil in the port of Aqaba in Jordan, it was established that beginning next March, Volkswagen will be shipping 100,000 Passats valued at approximately \$600 million over a period of 2 years. Simultaneously the Iraqi State Organization for Marketing of Oil will be providing about 25,000 barrels of oil per day over the same period, by way of payment. After investing 4.5 billion cruzeiros in the purchase of equipment and the reorganization of its assembly lines early this year, Volkswagen has already begun production of the first export-type Passat units, with slight changes in style and a new panel, among other alterations, like the 1985 model which will shortly be available on the domestic market. This is because the importer requires products brought up to date with the Brazilian market. With this logistic package developed after hundreds of meetings in both Iraq and Brazil (an Iraqi mission was in Sao Paulo this week, and more than 100 Volkswagen technicians are working in the Middle East), Volkswagen of Brazil will have reached a significant figure within 2 years--1 Passat for every 90 Iraqis, taking the 100,000 vehicles in this contract and another 50,000 already delivered in 1983 and 1984 into account. This does not include the five Santana models sent for testing, which may result in further exports. Having already acquired know-how based on the preceding contract, Volkswagen encountered some serious difficulties this time. The main one is the decapitalization of Iraq as a result of the war it has waged since 1980 against Iran. The alternative was payment in oil, which will have to be resold to PETROBRAS [Brazilian Petroleum Corporation], which has a monopoly on imports of the product into Brazil. As the Iraqi oil pipelines are operating at full capacity, Volkswagen signed an \$80 million contract for a fleet of 400 tanker trucks (with an enterprise affiliated with the German Senker) for land transport to the Jordanian port of Aqaba, which is 1,200 kilometers from the Iraqi capital of Baghdad. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Feb 85 p 48] 5157

BRITISH VIRGIN ISLANDS

THRONE SPEECH GIVEN AS NEW LEGISLATIVE COUNCIL OPENS

Suggestions to Government

Road Town THE ISLAND SUN in English 19 Jan 85 p 11

[Editorial]

[Text]

By the time this issue of The Island Sun appears, our law-makers will have assembled to begin a new session of the Legislative Council. His Excellency the Governor, as the representative of Her Majesty The Queen, will, in the speech from the Throne, display last year's scoreboard, outline the plans, policies and programmes which the Government have adopted for 1985 (and, most likely, beyond), and delineate the means by which they propose to achieve their goals.

We shall, undoubtedly, evaluate the Government's perception of their performance during the first year in office and draw comparisons with perceptions of the people. We will certainly also have comments to offer on what is proposed. We will always, however, be evenhanded: giving credit where credit is due and offering constructive criticism where this is justified. We believe that, like all newspapers, we have a function as public "watchdog", a medium of public information and a partner in the process of moulding public opinion.

In our first issue for 1985 we conceded that a new government needs time to formulate their policies. It is reasonable to expect that they will have their ducks in a row before they begin to shoot. As a matter of fact, there was general public satisfaction when the conference on Policies and Strategies for Development and Investment was announced last November, not only that this had been done but that a new era in public participation was being introduced.

Disappointment was heightened when the programme was released. The Chief Minister and members of his cabinet were scheduled to address matters of Economics, Infrastructure, Agriculture and Fisheries, Labour and Education. These are all subjects that require urgent attention and nothing but good could have come out of the interchange of ideas. Additionally, the vexed subjects of Immigration, which will raise complex and complicated questions, and Tourism, which will

be boon or bane to these islands, were to be introduced by prominent citizens. Finally, two representatives of "outside" institutions were invited to speak: Dr. Norwell Harrigan, a native who has probably given more thought to the question of the constitutional future of the islands than anyone else, and Mr. William Demas, whose knowledge of the area would have provided a Caribbean frame of reference for the total programme.

We have been led to believe that this project, while it may be diseased, is not yet deceased; and we look forward to hearing at an early date that its health is improved to the point where it can become active again.

We cannot emphasize too strongly that openness is the sure road to a successful term for any administration and we highly recommend this course to the present Government. Mistakes will be made, for human beings are involved. But working together — Government and people — in an atmosphere of give and take can spell progress for the Virgin Islands. Each man and woman in these islands ought to ask himself or herself "Where do I stand on this issue? Can I become a creative participant in the effort to move my homeland forward?" All concerned should keep in mind the old adage Divided We Fall!

#### Text of Speech

Road Town THE ISLAND SUN in English 26 Jan, 2 Feb 85

[Text of Speech From the Throne on the occasion of the opening of the Legislative Council on 16 January 1985]

[26 Jan 85 pp 4, 7]

[Text]

Mr. Speaker and Honourable Members of the Legislative Council:

1. It is a distinct honour for me to address you on this occasion, the Opening of the Second Session of the Tenth Legislative Council.

2. I propose, firstly, to refer to the intention of my Government, during the coming year, to request the establishment of suitable machinery for the consideration of certain Constitutional reforms relating to the system by which Members are elected to this Honourable House and to the matter of belonger status.

3. It is the intention of my Government to maintain and foster its links with the several international organisations with which it is now associated. Principal among these are the Organisation of Eastern Caribbean States (of which it became an Associate Member in November of last year) the Economic Commission on Latin America and UNESCO.

4. During the coming year my Government hopes to welcome to the Territory a trade mission made up of members of the Organisation of Eastern Caribbean States and to accede to the Agree-

ment which establishes the Caribbean Centre for Development Administration.

5. It also proposes to continue taking part in the discussions about the establishment of an Eastern Caribbean Centre in the United States Virgin Islands under the auspices of the United States Caribbean Basin Initiative.

6. I turn now to the Territory's finances. Honourable Members of the Legislative Council, the 1985 Estimates of Expenditure and Revenue will be laid before you early in the year and my Government's policies in relation thereto will then be put before you in the usual detail. Certain changes in the operation of the Pay As You Earn personal taxation scheme will be proposed to you during the present session, as will amendments to the Income Tax Ordinance. To aid in the collection of revenue from the International Business Companies Ordinance, 1984, a new post of Deputy Registrar of Companies has been created and will be filled very soon.

7. To enhance the collection of revenue from import duties and other taxes collected by the Customs Department, my Government has procured the appointment of a Customs Adviser who is expected to arrive shortly. One of his principal tasks will be to review present customs legislation and prepare instructions for the drafting of urgently needed modifications to it. It is proposed that wide consultation with all those concerned will

take place before amending legislation is brought before you.

8. The preparation of legislation in respect of insurance companies has been delayed but an adviser is now expected to arrive in March. He will be required to frame suitable draft legislation for the registration of insurance companies and their agents.

9. One of the chief objects of the new law will be to achieve an appropriate balance between the need fully to protect the interests of those who deal with locally registered insurance companies both here and overseas on the one hand, and the desirability of establishing a flexible system free from all unnecessary bureaucratic requirements and restrictions, on the other.

10. In line with the new arrangements recently announced, an expanded Philatelic Bureau is in the course of being set up in the Territory. This Honourable Council will, in due course, be given particulars of the enhanced revenues and employment possibilities which are expected to be derived from this source.

11. A joint coin and stamp issue, the first of its kind since 1973, took place yesterday and a new definitive stamp issue will be released later in the year. This will replace the existing definitive issue which has been on sale for about five years.

12. This will be the second year of the Government's new contract arrangements with the Franklin Mint for the minting and sale of

coins and sets of both gold and silver coins will be issued.

13. During 1985, my Government will introduce its own computerised system for payroll and central accounting. United Kingdom Technical Co-operation will fund the appointment of a computer expert to oversee the installation of equipment and the training of the staff who will supervise, maintain and operate the new system.

14. Turning to tourism, my Government is pleased to announce that the position of Director of Tourism at the Tourist Board will be filled during this year and that the United Nations Development Programme have agreed to provide at an early date the services of an Industry Development Officer whose main duty will be to work towards enhancing the local tourism product through the setting up and maintaining of appropriate standards, assisting small hoteliers and mounting public education and awareness campaigns. This strengthening of the Tourist Board Headquarters staff is significant and will enable the Territory to compete more successfully with sophisticated rivals in the tough marketplace for Caribbean tourists.

15. My Government is dedicated to fostering a stable political and economic climate as a basis for stimulating greater flows of private investment from sources both within the Territory and outside it. In keeping with this objective, my Government will mount early in 1985 a survey of representa-

tives of private firms operating in the Territory and of prospective investors. The aims of the survey will be to provide an up-to-date assessment of the investment climate and to enable the formulation of administrative and policy measures to enhance it.

16. On taking office, my Government found there to be no adequate system of information and co-ordination in the area of national economic planning and management. As a first step towards overcoming this deficiency, a Project Review Committee was set up within the Chief Minister's Office in 1984. Its task is to review all proposals or applications in respect of major investment projects. A further step will be the setting up of workable machinery to achieve effective physical and economic development planning and measures designed to achieve this will be laid before this Honourable House in due course.

17. My Government will continue the improvements to our airport facilities necessary to keep pace with the growth in passenger and aircraft traffic. Work on the new access road at Beef Island Airport is expected to begin later in the year. At about the same time, some of the works to be financed by the Canadian Regional Airport Project will also begin. These include a new fire station, improvements to the drainage system at the Beef Island Airport and a new perimeter fence for the Anegada airstrip. These will all result in greater safety.

18. In view of the critical importance of aviation to the Territory's economy, my Government proposes at all times to keep in close touch with the private interests involved in this industry in order to monitor and, where necessary, to guide and foster developments. Discussions will continue with airlines and aircraft manufacturers on ways to optimise the use of the existing facilities and my Government will continue to present the Beef Island Runway Extension Project to potential donors for consideration.

19. Mr. Speaker, Honourable Members of the Legislative Council, you will shortly be asked to approve funding for a new integrated Port and Marine Services Department and measures will be brought before you dealing with the control of marine pollution and the safety of life at sea. Administrative measures to improve cargo handling will be initiated. The Caribbean Development Bank will carry out a study of port facilities in Road Harbour to see how they might best be improved or expanded. Funding for the extension and improvement of the Road Town jetty has been secured, and planning for that project has commenced. As already announced, the traffic in passenger cruise ships is expected to increase very substantially during the year.

20. Vehicular and pedestrian traffic conditions, particularly on Tortola, continue to be a prime concern of my Government. Empha-

sis on enforcement of existing laws is continuing. A number of new road traffic signs will be installed very soon, giving effect to recent decisions of the Public Transport Commission. Regulations prohibiting the importation of motorcycles with engine capacities in excess of 125cc will soon be made and laid before you. Legislation establishing simplified procedures for dealing with minor traffic violations will be proposed during 1985.

21. The extension and improvement of the road system throughout the whole Territory will continue to be accorded high priority by my Government. Subject, in some cases, to your approval of the funding, surfacing of the Coppermine Road and the Doty/Mt. Sage sections will be undertaken and a motorable link between Chalwell and Sea Cows Bay will be bulldozed and graded, as will the section between Doty and Windy Hill.

22. Piped water has now been supplied to residents of Carrot Bay and during this year the supply will be extended from Cappoon's Bay to Frenchman's Cay. Consumers in the area from Paraquita Bay to East End are also being invited to apply for connections.

23. It is hoped that funding will also be provided during the year for water supply systems for Virgin Gorda and Sea Cows Bay/Pleasant Valley. A 22,000 foot extension of the sewerage system is also planned to cover the Huntsmans Ghut, McNamara, Long Bush, Purcell/Free Bottom and Baughers Bay areas.

[Text]

24. Offices will be constructed above the Arrivals Hall at West End and storm water drainage work will be done in Road Town, Huntums Ghut, Free Bottom and Long Look.

25. The active search for a suitable location for a new power station continues with the objective of eventually phasing out the generation of power at Long Bush. This is in keeping with the aim of providing an adequate supply of electricity to keep pace with growth in the economy. The strengthening of the technical and managerial resources of the BVI Electricity Corporation continues. A Generation Engineer, provided under the auspices of the U.K Technical Co-operation Scheme, is to be appointed soon, and training of local engineering staff continues.

26. Once again my Government wishes to express appreciation for the benefits it continues to receive from overseas aid donors, principal among which is the United Kingdom. Her Majesty's Government is giving sympathetic consideration to our request for a special grant to assist in repairing the damage to public infrastructure caused by Tropical Storm Klaus. The Governments of Canada and the United States continues to be helpful in the financing of training and other small projects. Technical assistance which we continue to receive from the Commonwealth Secretariat and Organisations in the United Nations family is of

immense value in the contribution it makes to the Territory's orderly development and growth. With the successful conclusion of negotiations for a treaty to replace Lome II, there is every likelihood that we will continue to receive valuable help from the European Development Fund.

27. A Bill to repeal the Local Constables Act and provide for the management and discipline of the Royal Virgin Islands Police Force along modern lines will be introduced during the coming year by my Government. In addition, a Bill to reorganise the Fire Services of the Territory and to strengthen fire prevention measures will be introduced. Under that Bill, a unified Fire Service under the leadership of a Chief Fire Officer will be established in the Ministry for Communications and Works. In view of the disappointing response to advertisements in the Eastern Caribbean for a Chief Fire Officer, the assistance of Her Majesty's Government has been enlisted in the recruitment process, and my Government hopes to be able to announce progress in this area soon. Meanwhile, under the leadership of a senior fire officer who recently received advanced overseas training, my Government will proceed with the revival of district volunteer firemen units. Funding requirements for equipment both for the full-time and volunteer firemen will be substantial during 1985, but no effort will be spared to improve the state

of readiness in this area. The question of providing headquarters for the new fire services is presently receiving urgent consideration.

28. It is also my Government's intention to continue the process of streamlining the operations of the Department of Agriculture and Fisheries. The central administrative offices of the department will soon be transferred to Paraquita Bay for greater efficiency and to reflect the new emphasis on the Stock Farm as the central feature of my Government's agricultural policy. The establishment of demonstration plots there, as well as the production of fruit and vegetable cash crops, will be given special emphasis over the next two years. Demonstration plots will also be set up in other parts of Tortola and the introduction of similar activities on Virgin Gorda is being considered.

29. In the fishing sector, my Government will encourage a significant increase in offshore, as opposed to inshore, fishing activity and the greater use of modern fishing techniques in the continuing effort to bring about a viable industry.

30. My Government accords high priority to the management of our parks and protected areas and to the control of pollution and the protection of our marine environment. The approval of this Honourable Council will be sought for additional funding for the National Parks Trust to enable it to set up an office for the proper

administration of its activities. It is expected that the acquisition of the Baths in Virgin Gorda will be completed by my Government during the year. Regulations governing the removal of sand from protected beaches will be rigidly enforced in 1985 and my Government will take other measures to reduce beach erosion and despoliation.

31. The owners of Nanny Cay Marine Center Ltd., have been informed by my Government of its interest in entering into discussions relating to the acquisition of the real property of the company which has been offered for sale for over two years. The feasibility of proceeding with this possible purchase is being exhaustively examined at present.

32. A Bill to re-define in more appropriate terms the qualifications required for appointment as Chief Surveyor and to make other technical improvements to the Land Surveyor's Ordinance, 1970 will be introduced in 1985.

33. In the field of primary health, the focus will be on the training and equipping of community nurses to fulfil their roles of promoting all forms of health care in the various districts.

34. Programmes to effect improvements in the standards of administration and of equipment at Peebles Hospital will be continued and the development of an adequate medical information system will receive priority. Hospital fees have remained unchanged for many years with the result that the hospital has been operating at a large financial deficit. In 1985 these fees

will be examined with a view to increasing hospital income without affecting either standards of service or the benefits which the public now receives.

35. A Bill to update the legal provisions for the care and protection of the mentally ill will be introduced and external aid for the construction of a psychiatric wing at Peebles Hospital will be sought. Such a facility will provide an appropriate environment for therapy and will reduce the need either to send mental patients to Antigua or to burden the staff at Her Majesty's Prison with their safe custody.

36. A major step forward in the services available to the elderly will also take place in 1985 when a housing facility will be completed for those who cannot be cared for in their own homes. In addition, a public education campaign on the needs of the elderly will be carried out in an effort to stimulate greater community involvement in their care.

37. Upgrading of physical facilities and teacher skills in the pre-primary education sector, curriculum development in the primary schools, and technical vocational training at the secondary level are all areas that will be receiving special attention by my Government. Our participation in the UNESCO Multi-Island Education Project will produce significant inputs in the form of teacher education, equipment, and teaching materials. Presently, my Government is carefully studying the Education Sector Survey Report recently received from UNESCO as a basis for forward planning in this sector.

38. The development of a National Information System based on the Public Library continues. A recent report by a consultant on National Archives is being studied for possible implementation and a site for a National Library, Archives and Museum complex has been identified. Fund raising for the assistance of this project will begin during the year.

39. Concern at the increase in juvenile delinquency in recent years and the lack of facilities, human and physical, to cope with the problem is felt by my Government. A review of legislation relating to children and youth is being carried out and the better co-ordination of the work of the Government agencies whose activities touch on child welfare and youth is being emphasised. Early physical and psychological assessment of children and the dissemination of the information gained among concerned Government agencies are being increasingly undertaken.

40. The Community Development and Social Welfare Office is to be renamed the Department of Social Development and will be more adequately staffed and housed with a view to boosting its ability to carry out its essential roles, prominent among which will be its youth development programme, including sports.

41. Security at Her Majesty's Prison is being improved, and greater attention

will be paid during this year to prisoners' work programmes.

42. A Bill will be introduced to improve the control over firearms and the procedures on arms importation by visitors. The occasion will also be taken to review the licence fees for keeping and dealing in firearms.

43. Another Bill will be introduced to increase the penalties for possession of illegal drugs and to improve the machinery for enforcement of relevant legislation. The police capability to deal with surveillance and investigation of drug offences will be increased by the creation of a special unit in the Force. Arrangements will be made for adequate training in this new but vital area of police work.

44. Constructive negotiations between my Government and Cable & Wireless (West Indies) Ltd., are continuing with the aim of arriving at an agreement which strikes a proper balance between the Territory's needs, the authority of the Government to enforce performance and the commercial prerequisites of the company. Draft legislation designed to deal comprehensively with all aspects of telecommunications has been prepared with the assistance of international experts and will be introduced in this session.

Mr. Speaker and Members of the Legislative Council:

I pray that the blessing of Almighty God may rest on your deliberations.

BRITISH VIRGIN ISLANDS

UNITED PARTY'S FIRST YEAR AS GOVERNMENT EVALUATED

Road Town THE ISLAND SUN in English 26 Jan, 2, 9 Feb 85

[Article by Douglas D. Wheatley: "The United Party's First Year: An Assessment," in three parts]

[26 Jan 85 p 8]

[Text]

It is now a little over a year since the United Party came to power in the British Virgin Islands (BVI) and Cyril B. Romney, an independent candidate, assumed the Chief Ministership. It is, therefore, an appropriate time for a review or appraisal of the performance and effectiveness of the new government.

Such a review is not intended as a mere academic exercise, but it is important to the political health of the BVI since it will bring into critical focus the principles of continuous accountability and responsiveness. It will throw some light on the extent to which the government feels it is accountable to the electorate for the promises it made verbally and in its manifesto and election bulletin, on the extent to which those promises are being implemented, and on the relationship existing between the government and the people as a result of their mutuality of interests.

I have decided to undertake such a review, although I must concede from the outset that being physically several thousand miles removed from the day to day affairs of the society, it may not be possible for me to be completely aware of and privy to everything that government has done or is doing. Ideally, one should be in a position to feel the political pulse of the society, as it were.

I was therefore forced by circumstances to rely, almost exclusively, on an examination of the two primary declarations of government policy, viz, The Speech from the Throne, 1984 (Throne Speech) and the Budget Speech, 1984 in an effort to gauge the performance and effectiveness of the government. There may, of course, have been other major policy statements made by the Honourable Chief Minister and other members of his cabinet in Press/News Conferences, Legislative Council Debates and other public fora, but

the writer is unaware of these since, if they exist at all, they have apparently not been publicised.

This analysis then is limited to that extent and, as a consequence, its value, in the eyes of some, may be somewhat diminished.

My initial impression of the new government, based on the various pre-election positions of the candidates, as well as my reading of the Party Manifesto and the Election Bulletin, was that it would be a 'people-oriented' administration and one in which the paramountcy of BVI interests would not be in question. Such an administration, one surmised, would devote all of its energies to the progressive development of the islands and would strive for the general welfare of all of the people of the BVI.

With eagerness, therefore, I looked forward to seeing an enunciation of government policies and, just as importantly, I waited to see just how government would translate these policy objectives into concrete actions.

I, therefore, read (and analyzed) with more than simply a passing interest, the government's first and foremost document, The Throne Speech. This was delivered by His Excellency the Governor on the 20th December, 1983, some 40 days after the formation of the new government.

The issues dealt with in the Speech were those routinely discussed (and which one has come to associate with such speeches). In other words, there was a commentary on what each department/ministry was proposing to do in the coming months

and, although these Speeches tend to vary to some extent by emphases that individual governments and ministers place on particular courses of action, their form and substance are surprisingly similar. Thus, in any given year, one Speech may give less emphasis or more emphasis to particular issues, depending on the Chief Minister's individual bias(es). However, this year, in addition to the usual, there were a few novel departures, and commendable emphasis was given to particular issues, which derived, not so much from party positions, as from individual biases. These were:

- A commitment to limit the further expansion of the civil service;
- A need to pay particular attention to operating expenditures resulting from new capital projects;
- A need for re-evaluating land-use patterns;
- A need for a more balanced ratio between local and foreign investment;
- A resolve to maintain financial credibility and stringent control of public expenditure;
- An undertaking to keep the House and public fully informed.

Despite these positive aspects, I was, generally speaking, disappointed with the Speech. In the first place, for the primary address to the Legislature and the nation at a time when the euphoria of the election was still running high, I had somehow expected to see the government come out swinging. I had expected to see some bold opening statements that would have signalled the coming of a new administration and, whereas

I was not expecting to see a radical shift in policies, I had expected to see something that would have indicated a new beginning and a new direction or at least a departure from former positions. The Speech, however, failed to do this and thus was lost an excellent opportunity for the new government to sell itself and its program, thereby making a favourable impression on the public.

In addition, as a minimum, I was looking for something that would have indicated that the new administration was truly people oriented. For example, I had expected the Speech to address boldly some of those areas of concern discussed during the campaign and embodied in the party's manifesto.

I refer here to a discussion of the urgent and continuing need to reduce the cost of living, as well as a discussion of the necessity for setting up procedures for an examination and review of some schemes and legislation that seem to be flawed in some respects (Social Security System, PAYE). By the same token, I had expected to see some discussion of the controversial Retiring Allowances (Legislative Service) Ordinance, 1980, a piece of legislation that had not been over enthusiastically received by the public and one which the United Party had pledged to revise.

These, of course, are only three of the many issues raised by the United Party which failed, for whatever reason, to be specifically mentioned or discussed in the government's first major policy document.

All in all, an analysis of the Throne Speech boils

down to this: It failed to have the imprint of the United Party stamped indelibly on it and could, therefore, have been with some minor alterations, any one of a number of previous Throne Speeches delivered to the Legislature under previous administrations.

One could rationalize this, of course, by saying that except for providing some very broad guidelines of government policy, one should not expect too much of a Throne Speech. In fact, some cynics see the combined activity of the Throne Speech and the Opening of the new Legisla-

ture, as nothing more than an occasion for pomp and ceremony, devoid of any significance in the real world.

This, of course, should not be the case, since the Throne Speech should set the pace and provide the ideological and other parameters within which the government would operate. The acid test of a Throne Speech though, is the extent to which the polemics and good intentions are translated into concrete actions. For example, successive governments promise to keep the public better informed than their predecessors, but, in actuality, how many of them do?

[2 Feb 84 p 4]

[Text]

The Budget Speech, 1984, the second most important policy document, was presented to the House by the Honourable Chief Minister and Minister of Finance on 22nd February, 1984, some 100 days after the election.

Again, I looked for an opening salvo which would have set the stage for the next four years and signal to the world that a new people-oriented administration had taken over and that from henceforth things would be different. Again, I was disappointed to find nothing of the kind. What I did find though, was a mild assertion in the early part of the Speech that "the will of the people of this Territory has been clearly expressed and a new vigorous spirit of political leadership abounds."

There was no elaboration on this statement, however, nor indeed was there any other statement of the philosophical or ideological position of the new government.

This lack of a real philosophical or ideological input, so conspicuous by its absence led me to conclude that its omission resulted not so much from modesty or over-cautiousness as from sheer timidity about committing oneself philosophically or ideologically.

On a more operational level, the Minister of Finance did state forcefully that the primary objective of the government was to provide and sustain a stable, political and economic climate for investment and partnership, in the many cooperative business and commercial ventures

which remain open. For this to work effectively though, he intimated that there would have to be a number of prerequisites present, including the need for sound political leadership and the presence of a sensitive and responsive administration, receptive to those new ideas, which are compatible with the long term interests and aspirations of the indigenous population.

Another of his statements, that tourism was the cornerstone of the BVI and that his over-riding objective was that of involving local people in key management and ownership positions, was also forcefully made. There was little elaboration on it, though.

In addition, there were, interspersed throughout the Speech, a number of other very commendable points.

Among these were the warning that substantial debt-servicing would have to be met on a continuing basis by subsidy transfer from government revenue; the requirement that there should be more effective monitoring of the banking community; the probability that there would be a need to put a cap on the civil service; and the forewarning that an increased recurrent burden would result from increased expenditure on capital projects.

The second disappointment with the Budget Speech stemmed from the absence of any discussion about the cost of living and the need for restraining it as much as possible. Yet, for 4 years, the steadily rising cost of living was a live issue and continues to be, judging from The Island Sun Editorial 'Steady Climb of Inflation in BVI' of 14 April, 1984. This is basic and if not kept in check there is no telling what might happen in a society.

If a people is pushed too far one may not be able to accurately predict how these people may react.

In the case of the BVI, one would have expected (and logic would have dictated) that the new government would have made a positive move to reduce the cost of living by, perhaps, decreasing or abolishing certain import duties on food items and staples and, even, building materials. At a minimum, the population would have settled for an undertaking that the matter would be examined and kept under active review. But, there was no such luck.

The third disappointment resulted from the discussion of the revenue proposals, in which the Minister of Finance made reference to the Fiscal Committee Report. He indicated that a substantial number of the Committee's total recommendations had been adopted and put into practice in 1982. However, it was his intention to examine and, where necessary, bring to the House such recommendations and others which might be necessary from time to time for the purpose of generating additional revenue without inducing hardship.

At a time when the populace, by and large, is feeling the pinch of higher taxes/fees it would seem an inopportune time to consider resurrecting the Fiscal Committee Report. In fact, it would seem to be a wiser course of action for the government to put as much distance as possible between itself and that report.

I say that, because the report has recommended some of the most drastic increases in the history of the BVI. For example, it recommended doubling the rates on Motor Vehicles, Passenger Tax and Stamp Duty, tripling some rates on liquor licences, trade licences and marriage fees as well as astronomical increases in hospital fees.

This policy of trying to get every bit of taxable revenue out of the population had been tried extensively in the free enterprise capitalist nations of the West, particularly in the United Kingdom and the United States of

America, but over the years had proved not to be the placebo for economic ills, since it apparently acted as a disincentive to savings and investment. The UK first, under Prime Minister Thatcher and the USA, second, under President Reagan, therefore, reversed the trend by not increasing the tax burden but, on the other hand, by offering tax cuts in an effort to stimulate saving and investment and thereby help to get the government off the backs of the people.

For the BVI to pursue this policy slavishly, trying to squeeze every bit of taxable revenue out of the population, particularly the local population (who are the ones who will inevitably be called upon to shoulder the brunt of the tax increases) is tantamount to disaster and, obviously, the BVI is drifting slowly but surely in that general direction.

The people of the BVI had more than their fair share of austerity between 1971 and 1979 when they were forced to sacrifice consumption in order to assist the Territory in the elimination of grant-in-aid and in the building up of a healthy reserve, which by 1979 was \$2.9m. This was a fine achievement and in itself should have earned the people of the BVI some benefit, such as a respite or moratorium, if you like, from further taxation or fee increases, but instead the residents were taxed ever so heavily during the period 1979-83. Well, it is about time the people of the BVI were shown some appreciation by their government.

When an administration does well, it usually passes on the benefits to its nationals. Two examples will suffice to illustrate the principle. Venezuela: an oil producing and exporting country (and member of the oil cartel, OPEC), levies a very small personal income tax; Kuwait: a wealthy gulf state, has no

income tax, provides free social services and gives each national a piece of land, at concessionary rates.

One does not expect the BVI to match the largesse of such countries as Venezuela and Kuwait, but one expects the BVI, in its own small way, to show some goodwill towards its citizens.

[9 Feb 85 p 9]

[Text]

On the basis of discussion in the two previous installments, one may draw the following conclusions in response to the questions or concerns raised in the earlier part of this article:

First. On the question of the extent to which the Government feels accountable to the electorate for campaign promises made, the answer would have to be that the Government is apparently not overly concerned about those promises. This view derives from the fact that in neither the Throne Speech nor in the Budget Speech was there any serious commitment to the United Party Platform.

Secondly. On the question of the extent to which campaign promises are being implemented by Government again, one only has to look at the relatively low priority accorded the United Party Platform in both the Throne Speech and the Budget Speech to appreciate the lack of enthusiasm on the part of the Government in implementing the party manifesto across the board. True, some

are being implemented, although not always with the vigour anticipated; many, though, are not being directly addressed.

Thirdly. On the question of the relationship between the Government and the people of the BVI based on their perceived needs and on the mutuality of their interests, it is my sense that that relationship has suffered and that it has seriously deteriorated from the high point evidenced immediately after the General Election. This is so, I believe, because the public has perceived an apparent divergence of interests between the needs projected by the Government and those of the general public, based, certainly in part, on the lack of enthusiasm in supporting and implementing the United Party Platform.

The question now is what is the reason for this lack of dynamism and apparent lack of commitment to the United Party Platform and why isn't the program being implemented?

Could it be, as some have suggested, that there is a lack

of concensus within the Government — a dissension, if you like, arising from the manner in which the coalition was put together?

I find it very hard to believe this for the following reason: No doubt when C.B. Romney and the United Party Representatives got together in the negotiation process shortly after the General Election, there was a compromise and a marrying together of the United Party Manifesto with Romney's own political platform. The details of those negotiations, the give and take, that is, were not published or publicised, but one would surmise that such would have been the result. In fact, it would be entirely reasonable to assume that since Romney and the United Party got together in the first instance, that their ideological positions would not have been diametrically opposed and that an accommodation would have been found — If that were not the case, Romney would have joined with the Virgin Islands Party.

Obviously, the public selected the United Party as the alternative to the Virgin Islands Party and they would not now wish to see their aspirations thwarted or their efforts frustrated. I am, therefore, surprised and disappointed to see that the new Government has not boldly set about implementing its pledges, but rather has tended to fall into the mire of government-as-usual.

The people elected you enthusiastically. They liked what you were saying, that is, that you would bring back good government and that the interests of the indigenous population would be paramount. You were saying it forcefully and with conviction. And they elected you to do the things that you intimated you would do.

They expect you now to carry this enthusiasm and forcefulness into your administration — not to have it replaced by fear and timidity. The people require no half-stepping from you at this point but require you to march to the rhythm of your own music.

Furthermore, they expect that there will be continuous accountability for your actions, not only to the population at large but also to the rank and file of the United Party. But this is not solely your responsibility. The citizenry have a responsibility. The exercise of their constitutional voting right is not limited to 'coming out of the cocoon' once every four years and casting a vote and then returning. It calls for continued vigilance and for the sending of a continuous stream of messages or signals to the administration to let them know how their policies are affecting the grassroots level and what changes should be made.

As the government of the day, therefore, you must now rouse yourself from the lethargy into which you are about to slide and live out the campaign platforms and pledges you espoused, so that you may glorify yourselves in the eyes of your compatriots — your compatriots expect you to support and implement the United Party Platform.

CSO: 3298/448

BRT - THE BRITISH VIRGIN ISLANDS

OPPOSITION LEADER REVIEWS '84, OUTLINES PARTY PROGRAM

Road Town THE ISLAND SUN in English 19 Jan 85 p 6

[Text of address by Hon H. Lavity Stoutt, Leader of the Opposition, to The People of the BVI broadcast by Radio ZBVI on January 8, 1985]

[Text]

"It is fitting on this occasion — as this is my first address to you for the year — to wish each and everyone of you a bright and prosperous New Year.

Most of you are familiar with the section of the matrimonial ceremony that says:

For better or for worse  
For richer or poorer  
In sickness and in health  
To love and to cherish  
Till death do us part.

In November, 1983 we all witnessed the marriage of the United Party to independent candidate Cyril Romney. The fete after the ceremony will probably go down in history as the longest feting spree to have taken place in the BVI, after a general election. The hopes for better things from this marriage were so high that the shout was, "Free at Last".

One year has gone by and from all that we can see, the marriage is on the rocks. One now wonders how serious the commitment was and if it was not a case of "hot love,

soon cool". There does not seem to be any direction. There does not seem to be any plan for the development and advancement of the people of the British Virgin Islands. It is now clear to be seen that the old proverb is manifesting itself:

Where there is no vision the people perish.

The United Party has bitterly failed the people of the British Virgin Islands.

We do not want a repeat of the period 1971 to 1975. During that era, because of the downfall in the economy, we saw people struggling to pay their debt to the banks, and, in fact, many lost their homes and other belongings. If we are not careful today, all the strides that we have made over the years will vanish away, as they did during 1971 to 1975.

When there is a change in government, it is only fair to give the new boys a chance to prove themselves. And this is exactly what I have done as Leader of the Opposition. One does not talk for the

mere sake of talking, one talks when there is something to talk about. The change of government was welcomed and now it is clear that that change is not doing the BVI any good.

I was somewhat mystified a few days ago when a citizen asked me, as Leader of the Opposition, "What are you going to do about the crumbling economy?" My reply to this person was, "The people have elected a government and if they are dissatisfied with its performance, they should express their dissatisfaction on radio or in the newspapers, and not just sit and grumble among themselves."

If the United Party is unable to carry out the wishes and the aspirations of the people of this Territory, they should be honest and tell the people that they are unable to do so, and ensure that the people are given the opportunity to exercise their right to find others who can lead them on to success. This is no time for the BVI and its people to stand still. There is too much at stake; and I am calling on the United Party to tell you, the people, why they have failed you so bitterly.

You will recall that I told you in the Party's manifesto that the Virgin Islands Party is your best guarantee of continued political stability, sound economic growth, and the protection of the future Virgin Islander in his homeland. I also assured you that we never forget that the business of government is people.

The Virgin Islands Party had and still has, a positive programme for you the

people of the British Virgin Islands. This is just a brief outline of what the Virgin Islands Party stands ready to do:

1. To continue to regulate entry into the economy, so as to ensure that BVI entrepreneurs, management and staff derive maximum benefits and are not victims of unfair competition. To this end we propose to promote joint investment ventures involving BVI investors and foreign investors to ensure that BVI Islanders participate significantly in the development of our country. We also propose to encourage BVI Islanders abroad to return to help develop their homeland and by so doing to bring back the much needed skills they have acquired. In order to fulfill this objective we would create the environment and economic possibilities.
2. It is important that every citizen be provided with the opportunity to develop. We intend to create a climate conducive to the small man so that he can continue to be involved in the country's development.
3. To retain the principle of good financial housekeeping by retaining the current account in surplus, and to utilize a reasonable proportion of the surplus to continue financing much needed capital development projects for which external funding is not possible.
4. As you know, we have begun developing our small craft industry. We intend to press forward with the construction of light industrial workshops on Wickham's Cay II to be let to BVI Islanders wishing to establish themselves in or to expand their expanding businesses. To this end we intend to expand the advisory service and business seminars to help our people become more efficient in establishing and running local businesses.
5. Tourism is the main stay of the economy, and if this is not fully appreciated by us all then we would not get the maximum benefits that can be derived from it. We believe that many facets of this industry should be enhanced.
6. Agriculture and fishing is also vital to the tourist industry and every effort will be made to encourage farmers and others who are interested in this sector, to ensure that full support is given when requested.
7. We shall seek to improve existing roads and to open up new roads so that taxi drivers can maximize on their investment and farmers can easily get to their cultivations. We are determined to forge along with the development of roads on the outer islands — Anegada, Jost Van Dyke and Virgin Gorda.
8. There remains a lot to be done in the area of Social Services and no effort will be lost in bringing about a vibrant programme that would enhance this area. Education is the key to the growth of this country. We must educate our children as our most valuable resource. In this era of technological progress

we must provide as many phases of education as possible, so that our children can be adequately prepared to play their role in our changing society. The development of a Community College still remains number one in our plan of action.

Social Security is the thing of the Twentieth Century. We want to assure you that we shall make sure that the funds will be properly invested so that they can bring full dividends for your future enjoyment.

In the area of Recreation and Sports, we intend to continue the process of providing recreational facilities throughout the Territory. We intend to aid the various sporting associations in securing coaches trainers and equipment aimed at enhancing ath-

letes' performance and local, regional and international sporting events.

Ladies and gentlemen, this country belongs to all of us and I want you, my people, to be very mindful of this. You cannot sit back and say that the affairs of the country are not your business. The affairs of the British Virgin Islands are at stake. We must not just criticize, but we must also be prepared to help in correcting the problem. Why should BVI Islanders suffer while leaders still continue to grope in the dark?

These words of the late John F. Kennedy are apt at this time:

The hour of decision has arrived. We cannot afford to wait and see what happens while the tide of events sweep over and beyond us. We must use time as a tool, not as a couch.

CSO: 3298/448

BRITISH VIRGIN ISLANDS

STATISTICS ON 1984 TOURISM SHOW INCREASES OVER 1983

Road Town THE ISLAND SUN in English 19 Jan 85 pp 1, 2

[Article by Vernon Pickering]

[Excerpts]

For the period January-April 1984, tourist arrivals in the BVI totalled 52703 with a three per cent increase over 1983.

A more impressive data is that of cruise passengers arrivals in the British Virgin Islands which, for the period January-July 1984 totals 13164 passengers with an increase of 38.8 per cent.

Excluding St. Vincent, the BVI's have shown the highest, per centum, increase of cruise passenger arrivals in 1984 in the whole Caribbean. However, for pure information, it is interesting to note that the Cayman Islands with an increase of only 13.3% attracted 163437 cruise passengers between January and October 1984. The neighbouring U.S.V.I. attracted 404961 cruise passengers between January and July 1984 with an increase of only 5.8 per cent.

The touristic season for the first four months of 1984 recorded the following arrivals of tourists in the BVI: January 13400 (+ 5.1%); February 13791 (- 7.7%);

March 15730 (+ 8.3%); April 11069 (+ 6.9%). In simpler words, this means that after a normal beginning and a slight downward trend, in February, the season picked up significantly and remained on a sustained note.

Given the scenario developing in the United States and Canada and information from hotels and airlines, the outlook for 1985 seems quite promising and the statistics for the BVI should keep their regular upward trend.

A look at the statistics can only reaffirm our optimism, all the figures of passenger arrivals in the BVI from 1974 to 1984 have at least doubled passengers by Air in 1974 were 43,000 and now they are over 82,000; by Sea in 1974 were 64,000 and now they are over 145,000. The percentage increases in the last three years have been modest but it would be enough to look at the international news and see what kind of problems the "outside" world has, to admit that this is still Paradise.

COLOMBIA

PRESIDENTIAL POPULARITY DROPPED SHARPLY IN 1984

Bogota EL TIEMPO in Spanish 3 Mar 85 pp 1-A, 11-A

[Excerpt] Only 31 of every 100 Colombians now agree with the way President Belisario Betancur is governing the country, according to the results of the latest Invamer Gallup poll.

The survey included a question, asked exclusively for EL TIEMPO, about the most pressing problems of the country. It confirmed that the most serious problem to Colombians continues to be the high level of unemployment.

Betancur's popularity has gone down rapidly in the last year. In February 1984, 61 percent of the Colombians endorsed the presidential administration.

In the last 12 months, the percentage of Colombians that openly disagrees with the way he is handling the country doubled from 26 percent to 52 percent.

About 17 percent of the people surveyed preferred not to express their opinion. The deterioration of the presidential image is also reflected in the way the Colombians rate the government for what it has done so far. The average rating on a scale from 1 to 5 went down from 3.74 in February 1983 to 3.54 in February 1984 and 2.9 in February 1985, first "split" in the administration based on the seven polls that the same firm has taken in these 2.5 years.

In qualitative terms, only 20 of every 100 Colombians now think that Betancur's government has been good or very good. However, 26 of every 100 believe that it has been bad or very bad. The rest consider it average or prefer not to give their opinion.

In November 1982, just after his term began, 61 Colombians felt that Betancur's administration was good or very good and only 7 felt the opposite. About a year ago (in February 1984), 50 percent still felt satisfied with the official administration. Only 11 percent rejected it completely.

The deterioration of the presidential image is related to the government's inability to solve problems like unemployment and insecurity, according to the priorities of those surveyed about the main problem of the country.

A total of 31 percent believes that the most pressing problem is unemployment; 13 percent feels that it is insecurity and the rise in crime; 10 percent believes that it is the economic crisis of the country in general; 8 percent that it is the high cost of living; 6 percent drug traffic; and 4 percent the guerrillas. The rest cite problems like violence, lack of peace, poverty, politicking, etc.

7717

CSO: 3348/457

COLOMBIA

TEXTILE INDUSTRY REACTS TO AGREEMENT WITH U.S.

PA181540 Bogota EL TIEMPO in Spanish 8 Mar 85 p 9-A

[Excerpt] Colombian textile manufacturers will no longer be allowed to use the Vallejo Plan to import machinery, import products in the Free Zone on a temporary basis, or use export insurance systems as a result of an agreement to suspend such activities that the U.S. Government has considered subsidies.

The ANDI [National Industrialists Association] has released a statement indicating that production will be seriously impaired and sales of textiles and finished garments on the U.S. market will be curtailed as Colombian textile manufacturers immediately abide by the terms of the agreement signed with the U.S. Government.

Meanwhile, industrial and foreign trade sectors consulted by EL TIEMPO have expressed widespread discontent with the agreement and observed that it establishes a negative precedent for all Colombian exports to the United States.

In a written statement, ANDI President Fabio Echeverri Correa maintains that "the agreement is outright discriminatory and contradicts the spirit of cooperation that should exist between developed and developing nations."

"The Association cannot believe that the government of a friendly nation wants to hurt us in such sensitive areas as the production, use, and exports of our industry," the business leader states.

For his part, FEDETEXTIL [not further identified] President Jose Garcia said that the terms of the agreement negatively affect the textile industry and warned that the situation can deteriorate further if the United States assumes a more radical stance. He revealed that the sector will submit to the Colombian Government proposals to counter the effect of the measures.

Other sources indicated that compounded with the high price of cotton fiber on the domestic market as compared to its price on the international market, production costs in the industry will rise as a result of the agreement because the sector will have to give up some privileges awarded by the CERT [expansion unknown] and good credit terms that PROEXPO [Export Promotion Fund] granted.

The first action that the textile manufacturers must take is to agree with the government on procedures to refinance PROEXPO's loans, for which they have a 60-day grace period, and to decrease CERT levels, which according to official sources, must be done immediately.

COLOMBIA

PUBLIC CREDIT DIRECTOR EXPECTS PERIOD OF ECONOMIC DIFFICULTY

Bogota EL TIEMPO in Spanish 28 Feb 85 pp 1-A, 8-A

[Article by Carlos Pineros, editor: "We Still Have 18 Months More of Difficulties"]

[Text] Yesterday the government warned that Colombians must tighten their belts to confront 18 more months of economic difficulties. It notified the international community that without a drop in interest rates, opening of markets, rise in prices of basic products or growth by the developing nations, "it will be impossible to solve the foreign debt problem."

The public credit director, Mauricio Cabrera, has participated in talks with the foreign creditors. He revealed that the rise in interests cost Colombia \$1.5 billion between 1979 and 1984, equivalent to all the coffee exports for 1 year.

He stressed the national strategy aimed at refinancing private debts and obtaining new credits without prior agreement with the IMF. He reported that "six banks have already hinted at their willingness to cooperate with the country under these terms."

He said that the government confirmed its decision "not to offer guarantees about the private debt because it was contracted through private negotiations and must be handled that way."

Cabrera has worked in economic research in the private sector, at National Planning and now in the Ministry of Finance. He explained the problem of the debt and the prospects for the country to the subcommittee on public services, one of the 10 formed for National Dialogue by the government to advance toward domestic peace.

He was asked about a report that 8 of the 14 banks on the consultation committee of international financial creditors, formed this year in New York for Colombia, based approval of new credits on a formal pact between the country and the IMF. He responded: "We are working for a settlement without this pact."

Cabrera came because Minister of Finance Roberto Junguito Bonnet could not be present. The chairman of the subcommittee, Rubiel Valencia Cossio, and the

subcommittee recognized the value of the information provided by the public credit director but protested Junguito Bonnet's absence. Several members of the subcommittee must go to Bogota to participate in meetings. Valencia Cossio said: "We hope that he does not miss the next meeting. Minister of Government Jaime Castro promised, in the name of the administration, to cooperate in this process."

Cabrera described the Colombian foreign debt which totals \$11 billion, \$7,344,000,000 of which are for public debts. Some 40 percent was contracted with multilateral banks under broad terms and low interests, 18 percent with governments and trade promoters and the rest with commercial banks. The private debt is distributed almost equally between the financial system, on one side, and the production and trade circles, on the other.

He commented that refinancing of the private debt advances well except for two enterprises. Other sources have claimed these operations were paralyzed by the creditors who are waiting for the IMF which is examining the national economy to speak out.

He said that, despite the good terms for the public debt, it has deteriorated since 1978 when 55 percent came from multilateral banks. This went down to 40 percent in 1984. Also credit from suppliers decreased and credit from commercial banks rose. This implies a shorter grace period, shorter term of amortization and higher interest.

He continued that, contrary to what occurs in other Latin American countries, Colombia knows where the assets are, not just where the liabilities are. Projects have been done. The complex system of loan contracting entails 40 steps when there is a government guarantee and 27 without it. This has kept the country from using more international financing for its development.

Cabrera said that this "sieve" has been good although the World Bank recently suggested it be eliminated.

The public credit director found the rise in international interest rates "one of the main causes for a worse situation in solving the debt problem." He maintained that if the interests go down but the prices of basic products do not improve, a definitive solution will not be possible.

#### Recovery Strategy

The government imposed a revised program that includes: 1) adjustment to generate resources; 2) refinancing of only part of the debt; and 3) new credit to promote exports.

The first point has already been 90 percent developed, according to Cabrera. The decision has been made on the second and only private enterprises renegotiate their commitments. Negotiations on the third are making good progress.

He stated: "By 1986 we hope to stop importing oil worth \$500 million and export about \$500 million in crude oil. The sale of coal already began and revenue of \$1 billion per year is expected by the end of the decade."

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CSO: 3348/457

COLOMBIA

AUDITOR'S REPORT CAUSES CANCELLATION OF ENERGY PROGRAMS

Bogota EL TIEMPO in Spanish 28 Feb 85 p 12-A

[Text] The "critical" situation of public investments, due to a lack of resources, led the government to temporarily or permanently eliminate the programs to transmit electricity to the departments of Atlantico, Cauca and Nariño, according to the auditor, Rodolfo Gonzalez Garcia, yesterday.

He added that the budgets were cut for the Uraba development plan, the monitoring and control systems of the Ministry of Communications and the integration and development program of the Indian communities. These were part of the tight restrictions on public expense.

In his first report on the financial condition of the government for January which he sent to President Belisario Betancur, auditor Gonzalez Garcia calculated that, even with significant monetary emissions and public debt bonds, the 1985 budget deficit will be about 47 billion pesos. Added to the 37 billion last year, it will reach 84 billion pesos.

The liberal economist from Santander warned about the imminent danger that the state will have greater losses from purchasing gold at prices 30 percent higher than the international price and then having to sell it for depressed prices abroad.

Because of the lack of foreign credit, he said, the government debt in the domestic market has shot up. It went from 15 billion pesos in 1981 to 85 billion in 1983 and 180 billion in 1984.

The domestic debt service--that is, interest and amortization--will reach 77 billion pesos this year, twice the foreign debt service for 1984. About \$260 million contracted in 1984 were not included but they will have an effect on the medium-term debt service.

Auditor Gonzalez Garcia examined the behavior of the financial statistics of the central government in January which yielded a budgetary deficit of 6 billion pesos and a deficit of 15 billion in the treasury.

Needed

For the present year, he spoke of needing allocations for 190 billion pesos added to the budget of 347 billion that Congress approved. After various operations that include monetary emission of 60 billion pesos and TAN [National Savings Bonds] for 22 billion plus a 7-percent tax on nonreimbursable imports (these three are pending approval by Congress), he concluded that there will be a deficit of 47 billion pesos by the end of the year.

Despite the efforts made by the government to present a realistic statement of public finances, Gonzalez Garcia said that the income in the 1985 budget was overestimated by 40 billion pesos and operational expenses were underestimated by 114 billion as follows: 23 billion for personal services, 9 billion for general expenses and 82 billion for transfers that are considered investments.

The debt service was also overestimated by 28 billion pesos. This investment was placed at 77 billion--that is, half of what was budgeted for 1984.

The auditor said that it was a bad time to raise taxes. "Paradoxically, facing the magnitude of the fiscal crisis, the government has had to amend the great majority of the direct and indirect taxes, precisely at a time when the economic tax bases do not permit expansion of collections." This is because of the recession.

He said that collections have responded positively but there was still an overestimation of 40 billion pesos in income.

The public investment framework was viewed by the auditor as a source of cuts. He cited projects of "high socioeconomic content" like the DRI [Integrated Rural Development Program], housing construction for progressive development, urban public services, defense and security. The auditor based this on the approved budget.

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CSO: 3348/457

COLOMBIA

## BRIEFS

ECOPETROL LOSSES--Barrancabermeja, Colombia--The Colombian Petroleum Enterprise, ECOPETROL, is losing over 200 million pesos and 4,000 barrels a day due to sabotage, which ECOPETROL officials blame on the leaders of the Workers Trade Union, USO, with whom they have been conducting negotiations in response to the workers' demands. The company claims it is open to negotiations but that the labor leaders are resorting to sabotage as a means of exerting pressure to force the negotiations. Various documents have already been submitted to the Justice Ministry, asking it to initiate penal procedures against those whom ECOPETROL has identified as responsible for the sabotage. For his part, USO President Jorge Santos denied these charges, stressing instead the incorrect handling of the oil policy by both the government and the enterprise. [Summary] [Bogota Cadena Radial Super in Spanish 0000 GMT 12 Mar 85 PA]

AMBASSADOR TO KENYA DIES--Guillermo Nannetti Concha, the Colombian ambassador to Kenya, died of an intestinal ailment in that African country on Sunday. [Excerpt] [Bogota EL TIEMPO in Spanish 12 Mar 85 p 1a PA]

NEW AMBASSADOR TO BRAZIL--The government recently appointed Jose Jaime Nicholls Sanchez as the new Colombian ambassador to Brazil. He replaces German Rodriguez Fonnegra. [Excerpt] [Bogota EL TIEMPO in Spanish 14 Mar 85 p 9a PA]

TWO OFFICIAL POSTS MERGED--The government has merged the posts of under secretary of the Presidency of the Republic and secretary of the Council of Ministers. Juan Manuel Urrutia Valenzuela was appointed to fill those positions. [Excerpt] [Bogota EL TIEMPO in Spanish 16 Mar 85 p 8a-a PA]

GOVERNOR OF SUCRE--Roberto Samur Esguerra, the new Conservative governor of Sucre Department, has stated that he will not attempt to resolve all his department's problems because the current fiscal crisis in Sucre will make that impossible. "That is why I am making no promises," he said. Samur Esguerra is of Lebanese descent and an attorney. He was mayor of Sincelejo and treasury secretary of Sucre Department before his appointment to the governorship. [Excerpts] [Bogota EL TIEMPO in Spanish 18 Mar 85 p 5-d PA]

NEW CHOCO PROVINCE GOVERNOR--Oscar Serna Alvarez took office yesterday as Choco Province's Governor. [Summary] [Bogota EL TIEMPO in Spanish 18 Mar 85 p 4-d PA]

NEW COFFEE ENTERPRISE--Bogota--The Coffee Exporting Society, made up of 53 coffee cooperatives from various parts of the country, has been legally created. Also known as EXPOCAFF, the society will begin its operations with an initial capital of 132 million pesos. [Excerpts] [Bogota Emisoras Caracol Network in Spanish 1215 GMT 22 Mar 85 PA]

CSO: 3348/506

DOMINICA

RULING PARTY CRITICIZED IN ROW OVER BANANA CUTBACKS

Boxing Plant Closings

Roseau THE NEW CHRONICLE in English 8 Mar 85 p 1

[Text]

Senator Savarin also said that during this time there has been the "reckless give-away of money", in some cases to non-farmers. The damages of Hurricane David resulted in a "tremendous debt burden" to the Dominica Banana Growers Association, now the Dominica Banana Marketing Corporation, a burden which rests very heavily on banana farmers.

On the question of the closure of "uneconomic boxing plants" Savarin

said this was due either to the low production of the areas concerned or extensive field packing activities. This was a matter of general knowledge. Therefore the attempt to show that the proposed closure of the Glanvillia, Canefield and Rosalie boxing plants in anyway reflects new hardships on banana farmers is "very irresponsible" as the overall impact is to bring about a near 100 percent field packing or group field packing, he said.

This will enable farmers to realize higher returns for their labour in the receipt of field packing bonuses. The Rosalie boxing plant will be converted into an internal buying point whereby farmers in the area will be able to sell directly to Rosalie instead of Fond Cole. Canefield and Glanvillia will become group field packing stations enabling small farmers who would not otherwise qualify as field packers as individuals to qualify as groups, the Minister without portfolio concluded.

In his contribution to the banana debate Eddison James, General Manager of the DBMC said: "The Union in its news letter which I understand is the source of this recent discussion mentioned the letter which was written to them dated January 15 and somewhere in the newsletter the Union seeks to give the impression that it was quoting from this particular letter and it

indicates in newsletter a figure of 500 workers that would be made redundant."

A letter dated January 15 and addressed to the Unions General Secretary read: "Dear Sir, the Corporation for some time now had the boxing plant work force which is in excess for that which is needed for the weekly boxing operations workers have been engaged in location basis. It has now been decided that within the next month or two the Corporation will reduce its boxing plant workforce to the core number which will be required to deal with the expected weekly food production at the plants. This decision will inevitably involve the release of a number of workers who are members of your Union. It is expected that approximately 350 workers will be retained Please be guided accordingly."

Mr. James continued: "No way in that letter which D.A.W.U. gives the impression that it is quoting from does it give a figure of five hundred workers to be released or to be made redundant. This is the thing that annoys me with this Union, it continues to misrepresent although it knows the truth. This is the thing that makes it difficult to operate with a Union like this."

"The point is that the imputs of bananas at the boxing plants at the Corporation boxing plants are reducing all the time and will continue to do

so. No responsible organisation can continue to have the same amount of workers to progress a substantially reduced quantity of bananas. A decision well within the prerogative of the organisation has been taken to deal with that situation. The Union was given notice, we wrote to the Union on the November 30 and they are only now responding. I do not know what happened in the meantime. The Union is trying to present us as some kind of callous and heartless action in the part of the Corporation."

#### Douglas Statement

Roseau THE NEW CHRONICLE in English 8 Mar 85 p 1

[Text] Controversy continues to rage over the proposed closure of banana boxing plants in Rosalie, Glanvillia and Canefield which could result in the loss of up to 500 jobs in the Banana Industry. The matter has become both a bread-and-butter issue for the farmers concerned as well as an issue on the political front.

Michael Douglas, Parliamentary representative for Portsmouth has said that the Freedom Party Government must accept full responsibility for the loss of jobs in the banana industry and should take immediate steps to halt the closure of boxing plants in Rosalie, Canefield and Glanvillia.

In a statement Mr. Douglas said: "The Freedom Party Government must accept the fullest responsibility for the hundreds of jobs now being lost in the banana industry. This new and severely damaging blow to the already agonized banana industry brings a new dimension of deprivation to the suffering army of unemployed already existing our country."

He continued: "Whether one accepts the figure of 200 jobs to be lost given by the Banana Corporation or 500 .... given by the Dominica Amalgamated Workers' Union this new avalanche of hardship comes as a direct result of the radical changes which the Freedom Party Government carried out in the industry against the demonstrated wishes of the majority of banana farmers."

He went on to say that the Labour Party opposed these changes on the political platform and in Parliament and that their position remains unchanged

today: "When one understands that at least 50 percent of all bananas produced comes from the small farmer whose production is never large enough to field pack, the closing of boxing plants finally heralds the burial of the banana industry," Douglas said.

"The Labour Party calls Government to immediately halt the closure of boxing plants and save hundreds of vital jobs in the industry. The Labour Party is committed to re-open all boxing plants closed by the Freedom Party on a two-week or three-week cycle if needs be."

Meanwhile in a statement to the NEW CHRONICLE Senator Charles Savarin said there has been an effort over of a period of time where certain persons have been trying to use the banana industry as a "political football" and that these people were probably directly responsible for the difficulties experienced by the industry over the last years including the Leaf Spot disease of 1977 to 78.

CSO: 3298/490

DOMINICA

BRIEFS

CONSUMER PRICE INCREASE--Roseau, 19 Mar (CANA)--Consumer prices have increased here during the first 2 months of this year by nearly 1 percent, the Government Information Service [GIS] said today. It quoted Statistical Officer Michael Murphy as saying the increase was comparable to the average annual increase of about 2 percent. Food, housing, clothing and footwear were among the items showing a rise in cost during the first 2 months of the year, the department said, adding that it is expected that consumer prices would fall during the month of March in keeping with the current fluctuations. The prices of alcoholic beverages and tobacco fell over the same period, with the cost of food increasing by 1.7 percent, the department added. [Text] [Bridgetown CANA in English 1930 GMT 19 Mar 85]

CSO: 3298/490

MEXICO

COUNTERTRADING WITH SFRY PLANNED

Mexico City EXCELSIOR in Spanish 26 Jan 85 p 10-A

[Text] Belgrade--In view of the economic difficulties that both countries are experiencing, Mexico and Yugoslavia will resort to countertrading to expand their trade relations without the need for cash payments, reported Spasoje Medenica today. Medenica is a member of the Federal Executive Council and president of the Joint Committee for Economic Cooperation between the two nations.

At a press conference held in the Federal Palace number three, the Yugoslavian official, whose position is comparable to that of secretary for Planning and Budget in Mexico, said that both countries have agreed to work in different areas to develop nonconventional ways of exchanging products and merchandise.

To this end, he noted, the two countries have agreed to create a commercial enterprise dedicated to joint foreign trade, and to seek closer ties in relations that may already exist between the economic representatives and coparicipants of Yugoslavia and Mexico.

He added that various forms of joint investments will be developed, particularly in enterprises devoted to using products for industrial purposes.

Medenica said that the two countries also agreed to further strengthen the operations of both enterprises already in existence in Mexico: Energomex, which manufactures energy equipment, and Fanamer, which produces machine tools.

These enterprises will expand the line of products they manufacture, while the governments of both countries will solve some of the financial problems so they may operate without problems.

The Yugoslavian official confirmed that, on the occasion of President De la Madrid's visit to this country, it was agreed that other enterprises would be created in the field of electronics. Furthermore, agreement was signed creating an enterprise to be called Agosimin de Mexico, which will devote itself to improving agriculture in that country.

The two nations have a mutual interest in developing agriculture, he said, whether it be through agribusinesses or by raising fruits and vegetables.

Mining equipment will also be exchanged and there are possibilities for constructing a particular kind of ship, said the official, noting that Yugoslavia and Mexico had agreed to provide financial support for all of this. For this purpose, an already-existing \$30 million Yugoslavian line of credit for various types of merchandise exchanges will be renewed.

For their part, the Mexicans said that they will guarantee a second line of credit for an equal amount.

8631  
CSO: 3248/227

MEXICO

PARTIES, GROUPS OF LEFT FORM TWO ELECTORAL CONSTELLATIONS

Mexico City PROCESO in Spanish No 433, 18 Feb 85 p 24

[Article by Oscar Hinojosa]

[Text] The partial advances toward election unity of leftist forces have materialized in two blocs. In one, the Unified Socialist Party of Mexico (PSUM), the Mexican Workers Party (PMT) and the People's Socialist Party (PPS), along with the Communist Left Unity (UIC) and the Socialist Current have drafted a joint platform in order to challenge the PRI and the PAN [National Action Party] in the July elections. In the other, the Revolutionary Workers Party (PRT) has been joined by the People's Worker-Peasant Unity, which in 1982 presented the presidential candidacy of Rosario Ibarra de Piedra.

The joint statement of the first bloc was read by the president of the PMT, Heberto Castillo, at a press conference in which Pablo Gomez (PSUM), Jorge Cruickshank (PPS), Camilo Valenzuela (CS) and Manuel Terrazas (UIC) participated. It tends to promote the joint struggle of political and social forces in order to change the economic and social policy of the government.

These five leftist organizations will act in unity "during and after the election process" to defend the political rights of the citizens, define a people's economic policy, defend and improve the standard of living of the people and to fight corruption and the pernicious influence of private television, among other things.

The platform statement notes that democratic and leftist forces have in the coming elections the historic responsibility for guiding the people in order to prevent the country from falling into the "trap of PRI-PAN bipartisanship."

It also maintains that the PRI represents an antipopular policy, although the workers and peasant sectors of that party demand economic and social reforms in keeping with programmatic points of the left.

Another advance of the leftist forces would consist in the presentation of single candidates in certain uninominal districts, although a decision along these lines still has to be made.

On Thursday, 14 February, Castillo observed that the PMT will register Arnoldo Martinez Verdugo and Valentin Campa, from the PSUM, as its own candidates, "if they are not opposed." He also said that PMT members will register candidates from other parties on the sole condition that they be of "recognized popular prestige." The PMT will also support the candidacies of members of the Democratic and Radical Current, which recently split from the PSUM.

Cruickshank denied that between the PPS and the PRI there was any election alliance in the present or the past and claimed the unified purposes of the Solferino party, which long before the death of Lombardo Toledano stood out in the fight for leftist unity.

The other bloc of leftist groups formed for the purpose "of halting the weakening and breakup of the mass movement and the dangerous strengthening of the most reactionary tendencies inside and outside the PRI and the government."

The People's Worker Peasant Unity (UOCP) also includes the Union of Revolutionary Struggle (ULR), the Movement of the Revolutionary Left (MIR), the Organization of Peoples of the Altiplano (OPA), the People's Revolutionary Bloc (BPR), the Independent Revolutionary Peasant's Coordinating Committee and the Basta Group. In addition, the Popular Revolutionary Movement (MRP) participated in the collective drafting of the basic documents of the UOCP.

The PRT, which presented Mrs Ibarra de Piedra as a candidate for deputy, signed an agreement of joint election participation with the Marxist Workers League and is also involved in talks with other political and social groups.

11,464  
CSO: 3248/277

MEXICO

JPRS-TAM-85-032  
15 April 1985

## INDUSTRIAL RELOCATION TAX INCENTIVES

Monterrey EL NORTE in Spanish 24 Jan 85 p 3-A

[Text] Mexico City, 23 Jan--The Federal Government has reported that through the Secretariat of Planning and Budget, it will grant tax incentives starting today in order to promote industrial relocation and relieve congestion in the metropolitan area of Mexico City.

That office announced that beneficiaries will be able to obtain tax incentives ranging from 10 to 25 percent, based on the value of the facilities relocated and between 50 and 100 percent of the income tax stemming from the sale of property where the industry to be relocated is now found.

Those interested will be entitled to receive from 10 to 25 percent of the price of expenditures needed to transfer the enterprise.

The Secretariat of Finance and Public Credit announced that the percentages of the incentives mentioned are based on the activity involved, the size of the relocated enterprise and the site to which it will be moved.

The plan of tax support is one of the integral parts of the current policy of decentralization of the Federal Government and it expresses the spirit of the national program of financing for development as well as of industrial and foreign trade promotion for the 1984-1988 period.

The government seeks to orient industrial activities based on the availability of resources in the different regions of the country, particularly water and the soil, so as to avoid an excessive concentration of polluting industries.

The government is attempting to relocate industries identified as unsuitable for the metropolitan area of Mexico City, made up of the Federal District, the adjacent municipalities of the state of Mexico and that of Tizayuca, Hidalgo, because of their high level of pollution.

In these areas, large volumes of water and energy are also consumed. It is also a matter of checking industrial concentration in the Federal District and the adjacent areas, while promoting more balanced regional development.

In order to ensure compliance with the provisions mentioned, an intra-secretariat commission will be made up of the secretariats of Finance and Public Credit, Planning and Budget, Commerce and Industrial Development, Urban Development and Ecology, and the Department of the Federal District.

MEXICO

'CONFIDENTIAL' GOVERNMENT DRUG TRADE STUDY OUTLINED

Mexico City UNOMASUNO in Spanish 2, 6, 7 Feb 85

[Two-part article by Hector A. Gonzalez]

[6 Feb 85 p 22]

[Text] A report prepared by the first commanders of the Federal Judicial Police who, during Operation Pacifico, penetrated over 110 settlements in their battle against the drug traffic, indicates that the production and marketing of drugs in 13 of the country's states, owing to their influence, represent "a high degree of jeopardy."

The "confidential" report, obtained by UNOMASUNO, discloses that, "One of the most critical problems at present is that of preventing and coping with the crimes attacking health in Mexico"; and hence one of the main objectives of the Office of the Attorney General of the Republic has been the implementation and coordination of the program called Operation Pacifico.

During Operation Pacifico, in which the drug seizures amounted to volumes never before seen, seven members of the Federal Judicial Police and 12 Mexican Army soldiers were murdered.

On 26 May 1984, the PJF began the operation, focusing their activities "on coverage of geographical areas located on 13 fronts," which were considered to be troublesome.

The states explored were: Oaxaca, Guerrero, Michoacan, Colima, Jalisco, Nayarit, Sinaloa, Sonora, Chihuahua, Durango, Zacatecas, Tamaulipas and Veracruz. The results accrued were described as highly positive.

In the report on the results of Operation Pacifico (submitted to the president of the republic), it is noted that the PJF confiscated an arsenal consisting of 138 short-barreled and 112 long-barreled weapons, and nearly 30,000 cartridges of various calibers.

The PJF state: "In this context, mention should be made first of the area of Chihuahua, Durango and Zacatecas, states in which the problems of drug production and trafficking are considered very troublesome, not only because of

the discoveries made in our campaign, but also because of the criminal potential currently represented by the situation that has prompted the systematic, permanent execution of the program that concerns us in this area."

It was in the state of Chihuahua, from the standpoint of the total results accrued, that "the largest volume of marijuana dried for marketing" was found, and 8,102 tons of the grass were incinerated, an amount "unprecedented in the history of the drug traffic." Also destroyed were 500 kilograms of seed and 640 plantations located over an area of 435 hectares.

In this state, by means of the aforementioned operation, 4,508 persons were arrested, only 26 of whom were placed at the disposal of the Federal Public Ministry for their presumed guilt of crimes against health. The rest were released by orders from the attorney general of the republic, Sergio Garcia Ramirez.

As for the states of Oaxaca, Guerrero and Michoacan, "they constitute the area following the one described previously in order of importance, in itself representing a crime rate considered to be serious, in view of the increasing production and marketing of drugs in the region."

It was in the state of Oaxaca that there were the most discoveries of "dried marijuana ready for marketing." Hence, 65 tons were burned, as well as 1,500 kilograms of seed of the same grass; 547 cannabis plantations were destroyed over an area of 70 hectares; 12 shelters were dismantled; and five persons were arrested.

In connection with the area of Sonora, Sinaloa, Nayarit, Jalisco and Colima, the report points out that, "It represents, in itself, a serious crime rate, in addition to the fact that, owing to its geographical location, it forms a traffic route to the United States."

In the state of Sonora, 11 marijuana plantations located on an area of 56 hectares were destroyed, as were 500 kilograms of seed. Five individuals associated with this activity were taken into custody.

With regard to the operation deployed in the state of Sinaloa, the following results occurred: 302 marijuana plantations distributed over an area of 41.4 hectares were destroyed, as well as 40,000 seedlings ready for planting and 450 kilograms of cannabis seed.

The last geographical area raided by the PJF, under orders from the former director of INTERPOL, Miguel Aldana, and first commanders Miguel Rodriguez Lorrabaquio and Carlos Armendariz Guevara, covered only the states of Tamaulipas and Veracruz.

In the state of Tamaulipas, 13 persons with 60 kilograms of the grass in their possession were arrested; and 300 kilograms of cocaine, 1.5 kilograms of heroin and various types of weapons were seized.

In the state of Veracruz, 199 marijuana plantations distributed over an area exceeding 70 hectares were destroyed, and 23 poppy plantations were also discovered.

[7 Feb 85 p 22]

[Text] From an economic standpoint (on the international black market in the United States), the destruction of 10,532 tons of marijuana and 4,000 kilograms of seed during Operation Pacifico represents a loss for drug traffickers of \$10.532 million, in other words, over 2 billion Mexican pesos; not counting 320 kilograms of cocaine, 200 liters of hashish and 1.6 kilograms of heroin confiscated throughout the national territory.

The Federal Judicial Police "internal" report notes that, for every hectare planted with marijuana, between 1.5 and 2 tons of that grass are harvested. Based on this parameter, it is estimated that nearly 1,500 hectares have been used in Mexico for this purpose, primarily in 13 states of the republic.

Colima and Michoacan were considered the states with "the most marijuana production and trafficking"; while Guerrero holds first place in opium production.

As for Colima, the analysis is as follows: "This state constituted one of those in which drug production and trafficking has reached increasing rates of gravity." Here, 76 marijuana plantations over an area of 207.8 hectares were located and destroyed. In addition, over 130 tons of dried grass and 2.5 tons of cannabis seed were incinerated.

As for Michoacan, "it accounts for the largest proportion of marijuana plantations located and destroyed." There were 1,567 in all over an area of over 276 hectares. Also incinerated in the state were 3,000 kilograms of marijuana and 3 of seed of the same grass.

Under orders from Comdr Armando Pavon Reyes, forces from the Federal Judicial Police (PJF) and the Army penetrated the Guerrero mountains and, as a result of this operation, in their report they note that Guerrero ranks "number one" in opium production. In what is regarded as a "critical area," the PJF located and destroyed nearly 1,500 poppy plantations over an expanse of 160 hectares. Also destroyed were 160 marijuana plantations.

The report from the Federal Judicial Police, whose director is Manuel Ibarra, states that the value of a kilogram of marijuana on the black market stands between \$1,000 and \$1,200; and hence it is estimated that all this grass would command a price on the United States black market of approximately 2 billion Mexican pesos.

"With regard to the growing of poppies, it is estimated that, from every hectare, between 20 and 25 kilograms of opium are obtained. Over 231 hectares were destroyed during the campaign, representing the elimination of at least 4,626 kilograms of opium, or else approximately 509 of morphine,

the final conversion of which could amount to 107 kilograms of morphine-diacetyl, or heroin, the market value of which, based on the degree of purity, ranges between \$1 million and \$1.5 million per kilogram."

Operation Pacifico, which was carried out by the first commanders of the Federal Judicial Police, indicates that the results accrued are due essentially to "the making of timely decisions" and the desire to serve on the part of the PGR's personnel.

2909

CSO: 3248/243

MEXICO

INVESTIGATION INTO BORDER DRUG MONEY-LAUNDERING UNDER WAY

Mexico City EXCELSIOR in Spanish 8 Feb 85 p 32-A

[Text] Several prominent bank officials in the border zone of Tijuana, Baja California Norte, are being investigated after it was found that they were helping to "launder money" (lending the guise of legality) for drug traffickers, both from the United States and our country.

The foregoing was confirmed yesterday by the Office of the Attorney General of the Republic, which discovered accounts in which the drug traffickers had monthly turnovers amounting to over 2 billion pesos.

Among the officials subjected to investigation are Jorge Mendiola Franco, regional director of Comermex; Salvador Alba, deputy director; and Jorge Ruiz Ordonez, director of that institution's international department.

One of the accounts discovered is that of Jose Contreras Subias, implicated in the death of a Federal Judicial agent, who was "laundering money" in the aforementioned institutions through the auspices of these officials.

After the agent's murder, Jose Contreras fled to the United States, apparently with a different identity, and he sent the money that he had in the Comermex account to the neighboring country.

The investigations along the entire border zone have been aimed at ascertaining the manner in which the bank employees, who are also engaged in dollar trafficking, operate.

Jorge Ruiz Ordonez who, before working for Comermex, served in the Bank of the Atlantic, was dismissed for irregular dealings in peso-dollar transactions, as the judicial investigations have disclosed.

There are also connections with money exchange offices in San Ysidro, California, to engage in dollar transactions without recording them in the official turnovers.

The accounts being handled on the border, mainly in Tijuana, are for enormous sums, and irregular dealings have been observed in them, which are now being investigated.

2909

CSO: 3248/243

MEXICO

HIRING FREEZE TO LEAVE POLICE, MILITARY UNAFFECTED

Mexico City UNOMASUNO in Spanish 13 Feb 85 pp 1, 9

[Article by Luis Acevedo Pesquera]

[Excerpt] Carlos Salinas de Gortari, secretary of planning and budget, announced yesterday that in 1985, the Federal Government will only create posts for the armed forces and the police, although it will also meet needs in the fields of health and education. However, it will freeze the 80,000 vacancies available in the public sector, while increasing to 250 billion pesos the savings announced in the recent budgetary adjustment package.

The planning secretary noted that authorities have the goal -- "and we are determined to persevere" -- of reducing inflation by 35 percent this year, although prices rose 7.4 percent in January.

Finally, the official noted that the adjustment package will generate unemployment, but the government will set up a training program so that, in terms of the investment of the private sector and the generation of new sources of work, those affected by the process of liquidating government entities may be relocated "in areas where their efforts and work will be more productive." Responsibility for creating jobs falls to private enterprise, he specified.

Salinas de Gortari revealed this picture on a radiobroadcasting station leased to private interests, reporting that the government will continue with the elimination of waste or "the fat that we can cut out of certain types of government spending."

He noted that as part of the adjustment package announced by the president of the republic, there are not only reductions in spending, but the promotion of exports of manufactured products, the liquidation, transfer, merger or sale of parastate entities and the achievement of goals in fighting inflation so as to support the national recovery.

The secretary of planning and budget said that with regard to the budget adjustment, the government will reduce regular spending by 100 billion pesos: that relative to wages, telephone calls, purchases, and so on, plus 150 billion in investment spending, which will permit a total savings of 250 billion pesos, representing 3 percent of the so-called programmable spending for goods and services, some 8 billion pesos.

He noted that on this basis, the public sector will not have to utilize financial reserves worth 200 billion pesos that would be added to the domestic debt but rather, that these resources will be left for "certain other movements" out of control that might come up on the international market, both in connection with interest rates or exports.

Regarding employment, he emphasized that the 80,000 vacant posts within the national bureaucracy will be frozen effective 6 February. With this measure, he said, those affected will be the new personal advisers and there will be a ban on contracting through honorary fees. However, personnel already on the job will not be affected.

Salinas de Gortari explained that there are nevertheless exceptions that must be considered.

In this context, there are the new teachers who will occupy posts in schools started up during the year. In addition, personnel of new medical facilities in the country will be part of this exception, which will include doctors, nurses, aids and attendants and all necessary technicians involved in health care of Mexicans.

He emphasized that "with respect to the armed forces of the work of the police, a few additional posts will have to be created." He said that that unspecified number was already part of the budget for 1985 and he said that in no way will it be an "extraordinary figure or above what is commonly contracted every year." All of this is for the purpose of continuing to strengthen the country's public security.

11,464  
CSO: 3248/259

MEXICO

BRIEFS

ELECTION APPEAL TO MILITARY--Fernando Canales Clariond yesterday urged the country's armed forces to watch over the coming electoral processes honestly in order to maintain order and respect for voting at the polls. The PAN [National Action Party] candidate for the governorship held a meeting in the Nicolas Bravo Colony of the municipality of San Nicolas, where he mentioned the army on Army Day. He urged soldiers to perform well in the coming elections, when they will be safeguarding the public order. The military men assigned to the different polls, he said, owe discipline and obedience to the poll supervisors and the latter have the authority to order them to evict persons not maintaining proper order. [Excerpt] [Monterrey EL NORTE in Spanish 20 Feb 85 p 13-B] 11,464

MONTHLY CAPITAL IMMIGRATION FIGURE--A little over 100,000 people pour into Mexico City every month, to settle wherever they can, as programs to halt emigration to the capital fail, said Mauro Ramirez Ayala, president of the National Confederation of Tenants and Settlers of the Republic of Mexico. Regarding programs to decentralize government offices in order to curb the sharp growth of Mexico City, Ramirez Ayala said that these have been misinterpreted, displacing residents of localities displaced where government offices have been established. As a result, these people are forced to seek the means to survive, and they do this principally in the nation's capital. He stressed that Mexicans must put down roots where they were born. Toward this end, an entire employment and educational infrastructure is needed. This task is not easy, he acknowledged, but it is the only option that the authorities have to avoid chaos in the capital. [Excerpts] [Mexico City EXCELSIOR in Spanish 22 Jan 85 p 1-C] 8631

CSO: 3248/227

MONTSERRAT

## OSBORNE BUDGET SPARKS CRITICISM FROM OPPOSITION

### Principal Budget Features

Plymouth THE MONTSERRAT TIMES in English 15 Feb 85 p 1

[Text]

Higher taxation and lower levels of services is the description one citizen gave of the budget proposals presented by the Honourable Chief Minister and Minister of Finance on the 8th of February.

The main tax measures are a 10% tax on airline tickets for all journeys originating in Montserrat and a 15% duty increase on certain commodities "of which there is a ready and high quality supply from within CARICOM."

The EC \$500,000 revenue to be realized from the new taxes are allocated for "a local development fund specifically directed towards making a start at Little Bay."

The Chief Minister explained that "EC \$500,000 will by no means be enough

to complete even the marina."

The Tourism sector was the only bright spot mentioned in the budget statement. Arrivals increased in 1984 to 22,000 compared with 19,000 in 1983. Stay over visitors - apart from 2,000 Montserratians returning home - contributed an estimated EC \$18,000, some 15% more than 1983.

It was conceded that there was no real economic growth in 1984. Total imports fell to EC \$45 million down from EC \$53 million in 1983.

As a result of lower volume of imports customs revenues were down in 1985 to EC \$8.3 million, well below the target of EC \$9.38 million.

Reference was made to the financial difficulties at the Montserrat Port Authority. To remedy the situation the Chief Minister said "the

Port is now forced to cut its labour force of 54 long-shoremen to about 34 by making redundant all workers 55 years old and over. Redundancy compensation would be paid."

Finance is expected for several development projects. The British Development Division is considering funding the improvement of another five miles of road.

It is also expected that EC \$2.7 million will be forthcoming from the European Development Fund "to improve catchment, storage and distribution of water."

Also on the cards is EC \$1.08 million from the Caribbean Development Bank/USAID.

The Chief Minister also gave information about a commitment of EC \$1 million in bonds from the East Caribbean Central Bank for Government sponsored low-cost housing for 53 families.

### Impact of Proposed Cuts

Plymouth THE MONTSERRAT TIMES in English 15 Feb 85 p 1

[Text]

With the Public Works Department on a three-day week since 1983, Government's decision to reduce most maintenance votes in 1985 could mean still fewer jobs in these areas and inadequate maintenance of public vehicles, equipment, plant roads and buildings. It also means greater risks for workers and the general public.

- With unemployment spiraling to unprecedented levels, Government reduced the important wages and maintenance of roads and buildings votes by a whopping EC \$481,000 or 28%.

- Despite recent increases in hospital fees, the inadequacy of the

X-ray service and the absence of other vital equipment, Government cut \$79,000 off the estimates for the Health Department services vote. This reduction is expected to result in serious inadequacies in the standard of the Health Services.

- In the wake of the drastic reductions in overall expenditure, key posts in the public service have been reportedly frozen on the advice of the Government's Organisation and Methods expert. The post of Education Officer, Secondary, could be frozen at a time when local, regional and international experts have highlighted the urgent need to upgrade the secondary school programme.

### Bramble Criticism

Plymouth THE MONTSERRAT TIMES in English 15 Feb 85 p 8

[Text]

The Leader of the Parliamentary opposition, Mr. P. Austin Bramble, (Plymouth), opposed the new tax measures introduced with the 1985 Budget in the Legislature on Monday on the ground that the new taxes will not advance the development of Little Bay as Chief and Finance Minister John Osborne claimed.

Mr. Osborne imposed a 10% tax on air tickets originating here - which will progressively burden the population with increases in airfares - and a 15% tax on extra-regional goods which are being produced within the Caribbean Community and Common Market.

"Many Montserratians must travel for medical care and

the ten per cent tax on travel will be an unfair burden," declared Mr. Bramble.

The Opposition leader went on to explain that local travel agents would loose income because students at the American University of the Caribbean and other visitors would come here with return tickets to escape this latest attempt by Government to grab their money.

He did not point out that foreign residents of Montserrat are already boycotting the local Post Office because of our high postal rates.

Mr. Bramble was also severely critical of the proposed laying off of Port Workers.

Noting that traditionally these workers continue until

they are unable to work, he said: "This plan will catch the men involved totally unprepared."

He added: "Because of the high cost of living, the Provident Fund payments are insufficient to supply their needs and therefore, their early retirement will cause serious problems for them and their families."

The Opposition Leader said he was not suggesting that Chief Minister Osborne keep his now notorious 1978 election pledge to "donate all of my salary to the people of Montserrat."

But he suggested that instead of imposing new taxes which would not impress either workers or aid donors, Chief Minister Osborne might improve his chances of advancing Little Bay by investing from his own means the first five hundred thousand dollars capital for a one million Eastern Caribbean

dollars development local company.

"I am not suggesting that the Chief Minister give away his money or that he take all the risk alone. He could invest his money on condition that if after two years the additional five hundred thousand dollars were not subscribed by local or foreign private investors, he could withdraw his money."

"In this way the Chief Minister would demonstrate his own faith in the project and would have a powerful lever with which to persuade local and foreign private investors, as well as aid donors, to put money into the project."

The Member for Central, Mr. E.A. Dyer, told the House: "we on this side recognize the unsatisfactory standard of services in Education, Health and Agriculture. The urgent need now is for economic recovery to generate recurrent revenues with which to improve these services."

### Brandt Objections

Plymouth THE MONTSERRAT TIMES in English 15 Feb 85 p 8

[Text]

Less than two years after he was declared Deputy Leader of the ruling People's Liberation Movement, Windward Legislator David S. Brandt on Monday flayed the Administration of Chief and Finance Minister John Alfred Osborne.

Brandt accused the John Osborne regime which he quit over the Little Bay scandal of the very mismanagement, neglect and oppressive taxation which the Montserrat Times has been headlining since its inception on May 15, 1981.

Speaking during the Budget debate in the Legislature, Brandt, a lawyer and karate expert, lambasted Osborne for reducing the allocations for essential services like education and health, for neglecting sports and agriculture, for "allowing the DFMC to die," for introducing burdensome taxation and for the unfair retirement of port workers.

"It is unbearable," Brandt said, "for the Chief Minister to impose a 10% levy on airfares and 15% tax on some imports for Little Bay, that pie in the sky."

"They say they are cutting the Port Authority staff because they have reached the age of 55. If the argument is that men who reach 55 can no longer hold on to jobs because they cannot produce, then, any Minister who has reached the age of 55 should also go. How can it be reasonable to keep a Minister who is over 70 and at the same time get rid of workers under him who are only 55? If the Minister is to stay, the men should stay. If he lets them go,

he should go," declared Brandt who is now a member of the recently formed National Development Party

Brandt branded his former PLM administration with all the political fire at his command. He noted Osborne's failure to mention in his Budget speech Government's refusal to supply chairs to the Junior Secondary School, lab facilities to the Secondary School and a teacher for the Sixth Form Business Programme

#### Blast at Little Bay Scheme

Plymouth THE MONTSERRAT TIMES in English 15 Feb 85 p 4

[Editorial]

[Text]

The ruling Party's decision to tax airline tickets and imports in order to raise funds for the physical development of Little Bay is too interesting a political development to let pass without comment. There's nothing basically wrong with the idea of imposing a levy on the population for a specific project, the implementation of which is clearly in the public interest. It must be specifically stated too, that the genuine development of Little Bay or any other tourist resort on Montserrat will redound to the benefit of the entire population and is something with which all who live here should want to be positively identified. Nothing could be more gratifying than a viable project in the northern part of the island.

However, the recent dose of taxation is quite rightly not perceived as having anything to do with development. It is seen as a shameless and arrogant attempt by the ruling party to compel taxpayers to pour money into the political war chest of John Alfred Osborne and J. Benjamin Chalmers, two northern ministers who

ought now to be emulating the Biblical king who admitted, "Behold, I have played the fool."

The staunchest supporters of the John Osborne administration should admit that this government has no moral authority to impose taxes on the population for the development of Little Bay.

The list of fumblings, failures and pussyfooting over Little Bay constitute the most lamentable catalogue of consistent stupidity in the history of the Commonwealth Caribbean. Flight Transport Corporation offered to build us a brand new jet airstrip but quietly took a flight to the world of bankruptcy. Sewon Corporation came, saw and departed with the Government very much involved with other great names in the world of land development. Rozah Enterprises got a deal which Americans call "a steal," but Rozah's Chief Executive, L. Ismaili, aided and abetted by the Montserrat Government, got into a legal tangle with giant Perini Corporation that made the

growth and development of investor credibility in the present Montserrat government impossible.

Did not a highly credible American Attorney, Robert Scott, ask Chief Minister Osborne how he signed legal statements which were false and personally defamatory? Did not Chief Minister Osborne lie to the Legislature in respect of his Little Bay dealings during the debate of the historic No Confidence Motion? Did not Governor David Dale, in the most important Memorandum of his career, prove to all and sundry that Chief Minister Osborne, in his Little Bay dealings, sadly lacked the consistency required by a credible political leader of Montserrat? Did not David Brandt and Mrs. Dyer confront their embattled party leader with the facts of his falsehoods and demand that he step down?

Little Bay is undeveloped today because the present government squandered its chances and got this island extremely damaging publicity in the North American Press. During his nonsensical dealings with Ismaili, Chief Minister Osborne came close to transferring his office to Florida at the expense of local taxpayers.

What a shame that after all of this waste, poor citizens who may have to fly to Barbados or Jamaica for medical attention which cannot be obtained here, must pay a ten per cent tax on their air fares?

To postpone the strongest possible democratic protest against the heartless incompetence of the John Osborne administration is to contribute to future conflict and instability on this peaceful island of law abiding citizens.

#### Additional Bramble Criticism

Plymouth THE MONTserrat TIMES in English 22 Feb 85 p 8

[Text]

Former Chief Minister Mr. P. Austin Bramble described the state of affairs in Montserrat in Plymouth lastnight as a rudderless ship with a faulty engine and a captain gone stark mad.

"We have drifted so close to the rocks of disaster that we need a competent crew to take over, tune the engine, connect up the linkages for the rudder and set a course away from the rocks otherwise we will crash with a bang," he warned.

Mr. Bramble referred to what he called "Mr. Osborne's absolutely disgusting and crude display" in Dominica recently and declared:

"What is needed is for all Montserratians of goodwill to pool efforts in order to avoid catastrophe if the situation be saved.

"This is no time for opportunistic posturing, a cooperative effort is needed to achieve reconstruction," declared the leader of the opposition Progressive Democratic Party.

The Progressive Democratic Party would like to see Little Bay developed. "But it is abundantly clear to us" he said, "that the spending of taxpayers money as proposed by this government, will not advance the develop-

ment of a resort Hotel Condominium complex at Little Bay."

More specifically, Mr. Bramble described Chief Minister Osborne's 10% tax on airline tickets and another 15% on foreign imports (towards his Little Bay fund), as "a crime against the people at a time when the cost of living is so high, when the government has jacked up the cost of medical care and when the government intends to increase property taxes."

He made pointed reference to Chief Minister Osborne's involvement in on-going litigation in Florida over Little Bay. "When they hear about Little Bay in North America, they recall the newspaper stories of Mr. John Osborne's dealings with Ismaili who is now facing nearly twenty charges for what American's call bait and switch fraud."

Mr. Bramble noted that Montserratians are frequently forced to travel abroad for medical care; and in a detailed breakdown of the airfares tax, he pointed out that Mr. Osborne's government is adding \$52 to the cost of an excursion fare to Barbados and \$83 to the general fare; \$73 to the excursion fare to Jamaica and \$93 to the general fare; \$120 to the early bird fare to England and \$311 to the general fare.

He declared: "It is the innocent, helpless Montserratians who will suffer as a result of this iniquitous tax. And what makes it all the more disgusting is that the Ministers of government don't care because when they need to go away for their own business, they simply give themselves a trip at taxpayers expense, so you pay all their airfares and the extra 10% as well. It is simply political murder."

CSO: 3298/455

MONTSERRAT

GOVERNMENT INACTION ON SOCIAL SECURITY MEASURES SCORED

Plymouth THE MONTSERRAT TIMES in English 22 Feb 85 p 4

[Editorial]

[Text]

Government's continued failure to implement the proposed Social Security Scheme or to organize a medical insurance scheme gives rise to serious questions about the intentions of the people charged with the responsibility of administering the affairs of this colony.

It was in February 1981 that the Hon. Chief Minister promised to make Social Security a reality. Infact, he assured Montserratians that the scheme would have been operational before the end of that year. What are the reasons for the long delay?

Government ought to be aware that recent steep increases in medical fees

and the high cost of specialist care abroad can combine to create serious hardships for Montserratians.

Government, however, may not be aware that contributors to the National Provident Fund are wondering whether the administration has borrowed money from a regional institution on the basis of NPF savings.

If Government continues to drag its feet on Social Security, the time cannot be far distant when National Provident Fund members will demand all of their money back for fear that those monies will be used for purposes other than those for which they were intended.

CSO: 3298/455

15 April 1985

NICARAGUA

## PRESIDENT ORTEGA ON RELATIONS WITH ISRAEL

TA220925 Tel Aviv YEDI'OT AHARONOT in Hebrew 22 Mar 85 pp 1, 7

["Exclusive" report from Nicaragua by Dr Amnon Kapeliuk]

[Text] "Israel must evacuate southern Lebanon as rapidly as possible, respond to the demands of the international community, and pursue a peace policy. Then there will be room for a renewal of diplomatic relations." This is what the president of Nicaragua and leader of the Sandinist regime, Commander Daniel Ortega, told me in the first interview he has granted an Israeli journalist.

The Sandinists, who rose to power in 1979 after having overthrown the dictator Anastasio Somoza, severed Nicaragua's relations with Israel during the siege of Beirut in August 1982. Ortega told us: "We support the right of the Palestinian people to establish its independent state, but, to the same extent, we support Israel's right to exist." The PLO, by the way, has opened an official embassy in Managua.

I interviewed Ortega in his official residence in Managua, the capital. The Nicaraguan president wore an olive-green military uniform with a white star surrounded by two red and green leaves (em-) the colors of the Sandinists (em-) on his shirt. He is young, 39 years old, wears glasses and a mustache, and speaks quietly.

At the beginning of the interview, he wanted to know some details about YEDI'OT AHARONOT on whose behalf I had made the trip to his country. He asked whether it appeared in Jerusalem or Tel Aviv, and whether the paper gives broad coverage to what happens in Latin America. "Now the readers will at least be aware of Nicaragua's problems." I replied.

Ortega complained about the fact that Israel is providing aid to the rightist guerrilla forces, the "Contras," who work out of Honduras and Costa Rica, and recalled Ari'el Sharon's visit to Honduras in 1983. "Nor have we forgotten that Israel gave aid to Somoza's corrupt regime, up to its overthrow in 1979," the Nicaraguan president said. It should be noted that one of the exhibits in the (Nagua) Museum is the first Galil rifle the Sandinists took as loot from Somoza's forces.

(The director of the Central American department of the Foreign Ministry in Jerusalem said, in reply to a question, that during the last months of the Somoza regime, Israel did not supply it with military equipment. He denied that Israel was now helping the Contras.)

Most of the interview with Ortega was devoted to the domestic situation in his country and the fear of a U.S. invasion of Nicaragua. "There is great danger in the pressure that Reagan is putting on Congress for it to approve the allocation of \$14.8 million as aid to the Contras," Ortega said. "If Congress approves the sum, this will be a legalization of his policy and Reagan's hands will be free to work against us."

CSO: 3248/302

NICARAGUA

BRIEFS

SCHOLARSHIPS TO SOCIALIST COUNTRIES--At least 353 Nicaraguans will study in various socialist countries this year. This was announced by the National Council for Higher Education. The candidates for the scholarships must turn in their applications before 24 March. The Nicaraguans will go to the Soviet Union, Bulgaria, Czechoslovakia, Hungary, and the GDR and remain there for 4 years, studying 89 various careers offered by universities in those countries. [Summary] [Managua Radio Sandino in Spanish 1830 GMT 19 Mar 85 PA] 4726

CSO: 3248/302

PARAGUAY

EMBASSY ISSUES COMMUNIQUE IN BONN

PY202112 Asuncion EL DIARIO in Spanish 19 Mar 85 p 9

[Paraguayan Embassy communique issued to the news media in Bonn on 18 March]

[Text] The Paraguayan Embassy in the FRG feels it to be its duty to explain to all persons of goodwill, that is, to the majority of the noble German people, whose just desire for unity we support and share, that:

1. It is perfectly obvious that Paraguay has become the target of special attention from a given sector of the commercial and political news media of several countries.
2. Although we acknowledge that a few of the commentaries published have been objective, the majority display a gross lack of knowledge of Paraguayan history and the current status quo. In certain cases, there is a clear-cut intention to revile not only the government but the Paraguayan people as well.
3. Because of the similarities among the comments and the names of the "correspondents" who have never set foot in Paraguay, it would seem that there is a coordinated campaign to disseminate distorted information.
4. For the same reasons it is easy to assume who is behind this campaign and the objectives it seeks.
5. These advocates of "freedom" cannot tolerate the fact that Paraguay is a rare oasis of peace, tranquility, and progress for which it does not depend ideologically, financially, or militarily on the humiliating and outrageous patronage of any foreign power, be it of the East, the West, the North, or the South. Nevertheless, we wish to convey our invariable gratitude to the international organizations and friendly countries that, like the FRG, cooperate with our peaceful development.
6. It is maliciously false that "almost a quarter of the Paraguayan population" lives abroad. The only truth is that Paraguay now has 3.1 million inhabitants. During the last 35 years, no more than 10,000 Paraguayans have settled abroad, most of them for family reasons or because they found it convenient. Approximately 10,000 more are either students or itinerant workers, altogether much less than 1 percent of the population. Furthermore, most Paraguayans or

their descendants who live abroad have voluntarily joined clubs that maintain close and friendly relations with their fatherland and its government.

7. Never have there been so many immigrants, including thousands of repatriated Paraguayans, or so much private investments, as during this period.

8. It is untrue that Nazi war criminal Joseph Mengele, the infamous "Auschwitz Angel of Death," is currently living in Paraguay and enjoying the protection of its government.

9. Paraguay is the only country in the world that has spontaneously and unselfishly received thousand of Jews before, during, and since the incredible holocaust. It equally received approximately 25,000 Mennonites of German descent, who thanks to the tolerance and freedom they found in Paraguay and their own dedication and honesty now own some of the most advanced agricultural and industrial establishments in the country.

10. Ever since its independence, almost 174 years ago, Paraguay has granted asylum to hundreds of reknown political refugees without this menaing interference or meddling in the domestic affairs of their states.

11. The Paraguayan Armed Forces do not spend money on arms. Although disciplined and well trained, their efforts and resources are mainly aimed at cooperating with the development and well-being of the people.

12. It is false that the government is internationally isolated. Paraguay maintains cordial relations and friendly and fruitful cooperation with most American states, beginnir with its neighbors and with many other nations of the world as well.

13. The President of the Nation, General Alfredo Stroessner, is an austere citizen exceptionally dedicated to the well-being and progress of all the inhabitants of the country. Should elections be held today before observers from all over the world, he would be reelected again by an overwhelming majority.

14. Although President Stroessner has been a member of the national Army since his teenage years at the Military College, his cabinet is almost entirely made up of professional civilian ministers. He has been elected president as the candidate of the largest, oldest, and most traditional political party.

15. In the last few years Paraguay has reached the highest Latin American rates in terms of nutrition, health, and education, as well as in monetary, political, and social stability.

16. Paraguay currently is not being besieged by any domestic or foreign conflict, and thus it requires no concentration camps or rationing. It does not export nor does it admit any ideology that may clash with the convictions and traditions of its people.

17. Paraguay is healthy in mind and body, a free country where everyone can come and go. There is no arbitrary nationalization or expropriation of private assets, and everyone is free to practice his faith, arts, or trade.

18. The state of siege is in force only in the capital of the country in order to preserve the peace, which provides the essential foundation for the progress of the people. What the state of siege does is grant the executive branch constitutional powers to arrest persons suspected of participating in certain activities set forth in the Constitution. The state of siege does not serve any other constitutional freedoms or guarantees. It is totally unlike a curfew or martial law.

19. Paraguay is one of the very few Latin American countries where elections have been held regularly and the three branches of the state have operated normally for more than three decades. It is false that the government has destroyed the opposition parties. These parties are operating severely divided due to internal squabbles.

20. Everything stated in this communique can be easily confirmed by thousands of German citizens who each year visit Paraguay, where already some 300,000 persons of German descent are living and where German is the foremost foreign language. All German citizens continue to be welcome in Paraguay, where they can forge their future and that of their children amid peace, justice, and freedom.

CSO: 3348/512

PARAGUAY

REGIME URGED TO OPEN DOORS FOR MENGELE SEARCH

PY201625 Asuncion EL DIARIO in Spanish 18 Mar 85 p 11

[Editorial: "Mengele"]

[Text] This accursed surname seems to be surrounded by a halo of destruction in the recent history of mankind. The man is being accused of horrible crimes against the Jewish people for which he is wanted by many countries.

We were unfortunate enough to have him land here in Paraguay, when he was not wanted by anyone and even after he had practiced medicine in his own country. However, the manhunt began and Paraguay became notorious for having taken in, out of sheer bad luck, just another immigrant.

Nowadays the worldwide campaign aimed at discrediting our country is using Mengele as ammunition to fire against us day and night. It is no longer important that he is not here any more, that he may be dead, or somewhere else in the world. This is not important at all. The bitter and irritating fact is that until they find Mengele, we Paraguayans will be the villains of all the stories that are told about this nefarious character.

The parties most interested in finding the Nazi war criminal, one of the most ferocious participants in the holocaust of the Jewish people, are precisely the Jews themselves and Israel, of course. This country, in its zeal to do justice on behalf of million of tortured fellow Jews, stops at nothing. It suffices to recall the spectacular operation which had been conducted in Argentina to capture Adolph Eichman, take him to Israel, try him, and execute him, to realize that Israel does not forget and that the long arm of its justice, or vengeance, reaches throughout the world. If this is the case, since the Israeli intelligence services are the best of the world, and taking into account that Mengele is even more of a prize than Eichman was why they have failed to locate him in Paraguay, especially since they know this is a friendly country where no clandestine sorties are needed to take a prisoner away, just a few legal steps.

In this regard, we must say, though it hurts, that we lack diplomatic subtlety. We take the blows and the accusations but fail to defend ourselves in an intelligent manner by putting an end once for all to the worldwide gossip which

besmirches our prestige. Why doesn't the Paraguayan Government ask for the cooperation of the Israeli Mossad, the CIA, the Surete, Interpol, and the FRG intelligence services?

Why doesn't it open the doors of our country to these organizations and offer them the cooperation of our security forces so that they can once and for all either find this sinister character or convince themselves that he is not here?

Since our government firmly supports any bill or proposal in the international antiterrorist struggle, why can't it clear itself of this black charge of protecting the greatest terrorist of all times?

If we are willing to accept foreign cooperation in order to improve the material well-being of our people through the production of goods, there is no reason for us not to ask for cooperation to prove our moral health. We don't even have to put up with the same problem Argentina had when forced to remain silent despite the violation of its sovereignty in the Fichman affair, because we can, after all, invite the interested countries, who are our friends, to come here and carry out their search with the knowledge and the cooperation of our government.

If we fail to take up this extreme, but necessary position, we will certainly deserve the evils which will result from gossip and ill will throughout the world, such as the slanderous report carried by provincial TV stations along the Paraguayan borders that Mengele is no less than the top man behind "drug trade" in Paraguay, and other nonsense along the same line.

2813  
CSO: 3348/511

PARAGUAY

FAST STAGED FOR RELEASE OF LAWYER

PY181850 Madrid EFE in Spanish 0242 GMT 18 Mar 85

[By Gerardo Gonzalez Vega]

[Text] Asuncion, 18 Mar (EFE) -- With the sponsorship of the Lay Movements Coordinating Board, approximately 300 persons today staged a fast in favor of the release of lawyer Heriberto Alegre, and for a fair distribution of land.

The day of fasting and reflection was held at the La Encarnacion Parish of Asuncion and ended at noon with a mass during which Bishop Melanio Medina advocated the poor peasants' right to land on which to live and work.

Lawyer Alegre has been in prison since September 1984 charged with having incited 120 peasant families to takeover 1,500 hectares of land in Alto Parana Department. The land appears to be owned by a corporation whose president, Manfredo Ramirez, is economic adviser to Lieutenant Colonel Gustavo Stroessner, son of the Paraguayan president, according to sources of the Lay Movement Coordinating Board.

Alegre's attorneys denied that the lawyer had incited the peasants to occupy the land because the peasants went to him only after they had settled on the land and were then harassed by regional authorities to make them leave it.

The alegre affair has prompted a flow of solidarity and concern in Paraguay and abroad, with calls for his release coming from the Paraguayan Episcopal Conference and the Latin American Bar Association.

The U.S. Embassy in Asuncion sent a representative, Alex Lee, to check into the way the courts were handling the Alegre affair. Lee conveyed his government's concern over the lawyer's trial.

The same concern was voiced by U.S. Representatives Torricelli and Kostmayer to Paraguayan authorities during their recent visit to the country.

As to today's fast, the Lay Movement Coordinating Board has issued a communique stating that Alegre's imprisonment implies that human dignity and the right which the poor have to defense are being ignored.

The document also states that at the bottom of this problem is the situation of thousands of peasants who lack a piece of land to toil and subsist.

During the fast groups of singers and actors, displaying solidarity to Heriberto Alegre's plight, performed a number of sketches related to the issue of landless peasants.

2701  
CSO: 3348/512

PARAGUAY

DAILY MARKS ANNIVERSARY OF ABC COLOR CLOSURE

PY252310 Asuncion ULTIMA HORA in Spanish 22 Mar 85 p 21

[Text" of prayer published by ABC COLOR on christmas day, 1977; reprinted in a full page layout by ULTIMA HORA on the first anniversary of the closure of ABC COLOR by the Paraguayan government]

[Text] Lord... let me not become the slaughterer who sacrifices the meek lamb, nor the meek lamb to be offered in sacrifice.

Lord... help me to tell my truth before the powerful, and not to tell lies to gain the applause of the weak...

Lord... if you make me victorious, let me still remain humble; if you grant me power, help me be reasonable so that I may act with magnanimity and justice; and if you grant me humility, do not let me lose the value of my own self-esteem.

Lord... help me to see both sides of the issues, so that I may not see my adversaries as traitors if they do not share my opinion.

Lord... do not allow me to be tempted by worldly pride, nor to fall in despondency if I fail; remind me that failure always comes before the triumph.

Lord... teach me that to pardon is the sure sign of strength, and to seek vengeance the definitive mark of weakness.

Lord.. if you deny me victory, grant me the will to overcome failure; and if you deny me health, grant me the grace of faith.

Lord... if in a moment of thoughtlessness I offend my fellowmen, give me the courage to apologize; and if they offend me, give me the valor to be foregiving.

Lord... if I forget You, please, do not forget me.

3034  
CSO: 3348/511

PARAGUAY

BRIEFS

MENNONITES DENY GIVING SHELTER TO MENGELE--Peter Klassen, supervisor of German Schools in the Paraguayan Mennonite colonies today stated in Bonn that Joseph Mengele, the Nazi doctor of the Auschwitz concentration camp, "does not live now, nor has he ever lived," in the colonies. Klassen also told EFE that "it is equally false that the Mennonites have given shelter" to Mengele as certain people, including the Green Party of the FRG, and Simon Wiesenthal, director of the Jewish Documentation Institute of Vienna and well-known "Nazi Hunter," claim. Peter Klassen this weekend attended a congress of German immigrants and their descendants which was held in Bonn by the "Prc-german Abroad" to commemorate its 104th anniversary. [passage omitted] [Excerpt] [Madrid EFE in Spanish 1007 GMT 18 Mar 85] 2696

CSO: 3348/511

ST CHRISTOPHER-NEVIS

FOCUS ON AGRICULTURE AS ISLANDS' MINISTERS MEET

Range of Discussions

Basseterre THE DEMOCRAT in English 23 Feb 85 p 2

[Editorial]

[Text]

In the true spirit of cooperation and mutual understanding envisaged by the new Constitution of the Federation of St. Kitts and Nevis, the two Ministers responsible for the agriculture of our two islands met this week and held what was described by them as a very successful and encouraging session to coordinate programmes and policies for the overall benefit of the Federation.

The meeting was initiated by Agriculture Minister in the Nevis Island Government, the Honourable Arthur Evelyn, and it was hosted by St. Kitts-based Agriculture Minister, the Honourable Hugh Heyliger. It was recognised that agriculture will play a major role in the development of both islands. Under the new Constitution, the Nevis Island Government is responsible for all matters pertaining to agriculture in the Sister Island.

Before holding a general meeting with his St. Kitts-based counterpart, the Honourable Arthur Evelyn called on the Prime Minister the Rt. Hon. Dr. Kennedy Simmonds. The Ministers and their Permanent Secretaries looked at the overall picture, discussed weaknesses and problems on both sides, and tackled the question of how best both Ministries can pool resources for the benefit of all.

In an interview with THE DEMOCRAT, the Ministers confirmed that their main concern is the development of a viable programme of assistance to small farmers. In this context, both Ministries were in agreement that marketing, production and the training of Extension Staff are priority areas of a high order. A small farmer must be advised what crops to grow, and must have reasonable guarantees that his yield will be purchased. Extension work must be done in the field, working side by side with the farmer.

The Nevis Ministry has identified a problem with insects, and it has been agreed that the Entomology Unit which is based in St. Kitts will go over to Nevis to assist. The St. Kitts Ministry for its part, has been made aware of a problem caused by untied animals trespassing and trampling on growing crops. Agriculture Officer Jerome Thomas, who is in charge of the seed trials programme in St. Kitts, will be available to impart his knowledge of seedlings to the sister Ministry. In this connection, it is envisaged that the peanut and stringbean projects in St. Kitts can supply seedlings to Nevis as required.

The Honourable Arthur Evelyn also visited the Vegetable Production Unit at Needsmust, and the Propagation Units at LaGuerite and discussed matters of mutual interest pertaining to Fisheries and Fishermen. It is intended to exchange relevant information on a regular basis. The next Ministers' meeting will be held in Nevis, and the Permanent Secretaries will liaise almost daily. Following a report on studies on horticulture, land use, forestry, fisheries and irrigation, a broad-based policy will be coordinated and updated between both islands.

Diversification Plans

Port-of-Spain TRINIDAD GUARDIAN in English 5 Mar 85 p 12

[Text]

BASSETERRE, Mon., (Cana)—  
ST KITTS and Nevis, concerned about a heavy dependence on sugar, has plunged into an economic diversification programme:

The scheme is geared to production of a wider range of crops and manufactured items for export as well as to turn the two scenic Caribbean countries into havens for tourists and foreign investors.

It was triggered by deepening concern about the widespread dislocation — loss of jobs, reduction in vital foreign exchange earnings and possible sharp cutbacks in public spending — which could be caused by a crop failure or a soft export market.

The diversification programme is being beefed up by public sector spending of \$83 million during 1985-87. Approximately 80 per cent of the money is to be directed to the development of infrastructure and agriculture.

Government officials

say there's no plan to abandon sugar — the largest single employer, and the main source of foreign exchange. But a greater emphasis is now being placed on production of fruit, vegetables and other non-traditional crops for export to the Caribbean Community (Caricom) and other markets.

Apart from channeling more financial aid to the farming sector, the Government plans to release marginal sugar lands for small farm production of a range of crops.

The plan to significantly increase food production is not only aimed at landing more badly-needed foreign exchange, but also at sharply reducing the food import bill.

CSO: 3298/496

ST CHRISTOPHER-NEVIS

LABOUR ORGAN SCORED FOR 'RACIST' ANTI-TAIWAN TACTICS

Basseterre THE DEMOCRAT in English 2 Mar 85 p 2

[Editorial]

[Text]

The attention of THE DEMOCRAT has been drawn to the ugly head of RACISM which is once again being raised in the columns of The Labour Spokesman. Ever since Government successfully and beneficially established friendly relations with the Republic of China (Taiwan) The Labour Spokesman has been afflicted with a bad case of "Sour Grapes". Labour has gone to absurd lengths to stir up racial prejudice, hostility, and antagonism against the Government and people of that hard-working country, which has so often been described as one of the economic miracles of the second half of the 20th century.

In last Saturday's issue of The Spokesman, a letter was published and given prominence under the caption "What's Going On In The Schools?" It was signed "Disgusted". What Disgusted and The Labour Spokesman were seeking to convey in part is that a person teaching at the Basseterre Senior High School, against whom they were voicing a complaint, was a "Taiwanese woman". The letter insisted on fixing in the minds of its readers that their charges of incompetence and obstructiveness were against a "Taiwanese woman".

A simple telephone call to the Headmaster of the Basseterre Senior High School soon revealed the truth. There is no Taiwanese woman at all on the Staff of that school, and there has never been any. The "Taiwanese woman" is nothing but a figment of

Lisgusted's imagination. The Spokesman once again is publishing false and misleading information, recklessly casting ~~aspersions along the way~~ against the good name of a friendly and cooperating country. One is left to wonder if The Spokesman, now that they have been alerted to the truth, will apologise for their error!!

But that was not all. In the same issue of The Labour Spokesman, this time in the scandal column "Dem Say That....", a disparaging reference is made to someone whose description is given simply as "Taiwanese". This person is accused of helping himself well with all the funds provided to him at Bayfords Farm Project, and this person is practically made out to be a thief. The Dem Say writer makes a point of linking dishonesty to the description "Taiwanese". Another equally simple telephone call soon revealed once more the truth. There is no Taiwanese working at Bayfords, and there has never been any. The "Taiwanese Hider" is nothing but a figment of the Dem Say writer's imagination. The Spokesman, yet again, is setting out to tarnish the good name of the Government and people of Taiwan, a friendly country which has done nothing at Bayfords except to donate U.S. \$350,000.00 (that is, very nearly E.C. \$1 Million) to stimulate Dairy Production there. One is again left to wonder if The Spokesman, now that they have been alerted to the truth, will apologise for their further error!

One is also left to wonder, if it was Communist China, instead of Free China, would Labour and The Spokesman be more useful case???

CSO: 3298/496

ST CHRISTOPHER-NEVIS

BRIEFS

SIMMONDS SUIT AGAINST PAPER--Basseterre, 21 Mar--A libel suit filed by St Kitts and Nevis Prime Minister Dr Kennedy Simmonds against the opposition newspaper THE LABOUR SPOKESMAN will be heard in the high court next month, Judge Satrohan Singh announced. The suit against editor Joseph N. France and columnist Fitzroy Bryant stems from an article by Bryant on 23 May 1981 dealing with the purchase of the government's inter-island ferry Caribe Queen. Dr Simmonds said the article falsely accused him of corruption in the purchase and is claiming damages from the two defendants. The issue generated a great deal of public comment here when it first surfaced in 1981 and emerged in last year's general election as a major campaign issue. Prime Minister Simmonds will be represented by Trinidadian lawyer Karl Hudson-Phillips, his press and public relations secretary Terrence Byron, and Constance Mitcham, minister of women's affairs. Lawyers Lee Moore, Dr Henry Browne, and Bryant will appear for the defendants. The case will be heard on 22 April. [Text] [Bridgetown CANA in English 1726 GMT 21 Mar 85]

CSO: 3298/496

ST LUCIA

**POLITICS SURFACES AT INQUEST AS LAWYERS SLAM UWP**

**Castries THE WEEKEND VOICE in English 9 Feb 85 p 1**

**[Article by David Vitalis]**

**[Text]**

THE team of lawyers representing the estate of the late Alphonsus Fontenard has charged the ruling United Workers Party (UWP) with political interference in the coroner's inquest in the death of Ralph Daniel and has withdrawn from the proceedings.

The surprise move came Thursday morning after representative counsul, Kenneth Foster, referring to comments made by Prime Minister John Compton at a political meeting of the UWP on the William Peter Boulevard Wednesday night. Mr. Foster warned that there could be no justice, whatever the outcome of the inquest.

Daniel's burnt body was discovered in an advanced state of decomposition at Chase Gardens (La Pansee) on December 19, last year. The 68-year-old gas station manager was reportedly driven from Valmont Motor Dealers at Bisee to town by Fontenard, a mechanic with the same company, to deposit a large quantity of cash in a commercial bank on December 14. Following Daniel's disappearance, Fontenard was held for questioning by police. But on December 19 police claimed he had jumped to his death off a cliff while in their custody in the Vigie area. However, a post mortem report said Fontenard died because of a firearm injury. A few days later a government statement called for an urgent inquest into both deaths.

At Wednesday night's meeting Compton said Daniel was taken from his place of work, put in a car, beaten, and then taken to an area where his body was dumped and burnt while he was alive. All this Compton said was done for money by people who did not want to earn a decent living and who envied what other people had.

The Prime Minister told his audience: "But nobody remembers Daniel, it is the criminal, the person who killed Daniel, he is the martyr, he is the hero."

And referring to a public exhibition of photographs mounted by the Progressive Labour Party (PLP) a few days

ago on alleged police brutality of Fontenard, Mr. Compton said: "What type of people are we when politicians can humiliate us like that; pictures all over the place of the murderer, but nobody remembers the victim...people use this man, this murderer, in order to attack the police for their own reasons."

He added: "What ever the cause of his death the Coroner's Inquest will say. We are having an inquiry into it...but whatever happens the Inquiry will say. But we cannot make a martyr of a man who is no more than a brutal murderer."

Before his walk-out, Foster told the court it would be "an exercise in futility" if his team (which also included his son Peter Foster and Evans Calderon) continued with the proceedings in the face of the Prime Minister's statements which "appears to be a strong violation of the rule of law." He emphasized that the executive "must not interfere with the judiciary."

Foster said it appeared that court was held on the

Boulevard Wednesday night so he felt justified in withdrawing from the current proceedings

Coroner Isabella Shillingford, urging Foster that whatever transpired outside the court had no business with the Inquest, told the five-member jury that the court was no political forum and anything said outside should be disregarded.

She said the court was ruled by legal principles and on the basis of evidence in court, not outside comments.

Barristers Errol Walker and Miss Florita Nicholas, who are representing the crown, made no comments on Foster's walk-out.

Meanwhile, the serpent head gold ring identified as the property of Fontenard, and which had been displayed as an exhibit of the court several times was found at Chase Gardens not too far from the body of Daniel on Wednesday December 19. It was revealed at the Inquest Thursday morning.

Sergeant No. 204 Peter John, a photographer attached to the Criminal

Record Office (CRO) at Police Headquarters, told the court he found the ring when one Constable Rosery, forensic scientist, Louis Murray and himself were searching for clues along a dirt track leading to where Daniel's body was lying.

He said around 3:00 p.m. the three of them were following the tracks of what appeared to be blood when he discovered the ring about 78 feet away from the body, on the left side of the track. He said he was at the time opening some grass looking for blood stains when he came across a shining object, and taking a closer look he saw it was a ring.

Said the Sergeant: "I called Rosery and Mr. Murray. I took photographs of the ring where it laid. Mr. Murry picked up the ring with a metal tweezer, placed it in a container and put a lid on the container."

He said the three of them were together throughout the search. The Sergeant then identified the pictures he said he shot and the ring itself at the inquest. (See Page 3).

CSO: 3298/457

ST LUCIA

## CRUSADER ATTACKS 'CORRUPTION, INEPTITUDE' OF GOVERNMENT

Castries CRUSADER in English 9 Feb 85 p 2

[Editorial]

[Text]

The Prime Minister of St. Lucia is the single greatest obstacle to the peaceful development of the country. This is indeed a very serious charge to make against a man who beat his breast loudly proclaiming to the world that "St. Lucia is now back on course". Even at Wednesday night's Boulevard Meeting he boasted that "People are now proud to be St. Lucian and when they hold a St. Lucian passport they know that it is not one that was sold to Dr. Basch." This in itself was bluster and bravado of the highest order with a generous sprinkling of deception. Every St. Lucian knows by bitter disillusionment over the past two-and-a-half years that there is nothing of value in the Prime Minister's empty boasts. There is

little pride to be found in chronic unemployment; in the Government's hopeless mission of mercy every month when the begging bowl is passed around to find the month's wages for public servants; there is no pride in knowing that a high level of corruption militates against a wider redistribution of the resources of the country and no one would lift a hand to end it! As for Dr. Batsch and the Passport Affair, Mr. Compton should be the last person in St. Lucia to remind the world of this elaborate fiasco and bluff on the part of his Government. It is humiliating to hear both Mr. Compton and his Attorney General lying and deceiving the people on the question of the return of Mr Reece. Every school child laughs at this pantomime!

### **Mortal Disintegration**

St Lucia is really in trouble with the imminent collapse of not only our economic base but also with the rapid disintegration of all morality and justice in the society. No Rastas can be blamed for this. No Libyan terrorists can be blamed for this. No violent Opposition elements can be blamed for this. No Cuban or Communist conspiracy could be blamed for this. No Grenada model could be blamed.

No inefficient Civil Service could be blamed for this. The blame must fall squarely on the shoulders of the Prime Minister. We must even excuse his rag-bag collection of Ministers because he himself selected them as part of an elaborate electoral ruse and they went like lambs to the slaughter in the vain hope of filling ministerial posts and their pockets in the process.

The Prime Minister has the House of Assembly all to himself with a larger mandate than is safe for any Government, yet he has failed to put on the Statute Books the type of laws that would improve the lot of ordinary citizen. Instead he has done mischief with the erosion of fundamental human rights, the banning of marches and the vindictive and vengeful amendment of the Citizenship Act.

### **Condoning Corruption**

The Prime Minister came into office in 1982 on the platform of cleaning up CORRUPTION and the economic mess. This newspaper has been a tireless crusader for exposing the details of the Copragate Affair and has presented more facts, details and proof than any other newspaper in the Caribbean dared to supply. We have made open and direct calls for Commissions of Enquiry into this nasty fraud involving the funds of Coconut Grovers. We have exposed the illegal transfer of funds to a ghost-account in Miami. We have exposed the tax-evasion aspect of the CML operations. We have highlighted the unauthorised transfer of funds in the vicinity of a million dollars for the construction of a factory in Vieux Fort. We have questioned the propriety of Minister Ira D'Auvergne's position in all this...and the Prime Minister positively refuses to investigate these acts of corruption. It is clear that the Prime Minister is prepared to condone any level of corruption in order to keep his Government nest-egg intact!

### **Slandering the Dead?**

As the year opened this Newspaper exposed the lies which the Commissioner of Police told the general public in respect of the death of a murder suspect, Alphonsus Fontenard. The Newspaper also provided irrefutable evidence that the suspect was brutally handled at the hands of the Police. The Prime Minister bowed to public pressure and made a token statement indicating that the guilty ones would stand the consequences of their action. The point of his statement was simply to narrow the public focus from the Police as a whole and direct it at the three policemen who were

charged with the custody of the suspect. But now the Prime Minister has taken a new line. He has made a number of public statements directly accusing the dead suspect with the murder of Ralph Daniel. Admittedly in law it is difficult, if not impossible, to libel or defame the dead but the Prime Minister should desist from such HOOLAGINISM and open disrespect for our institutions and the process of law. Mr Compton cannot corrupt the administration of justice by using the weight of his office to condemn an untried man. As a lawyer Mr Compton should be sensitive to the dictum that a man is innocent until proven guilty. But Mr Compton is little concerned with the niceties of law. He is ever-ready to sacrifice such niceties on the altar of political survival. The calculated effect of these irregular attacks is to take the cutting edge of public opinion away from a total condemnation of the brutality of the Police action. The Prime Minister is openly orchestrating a Cover-up Action.

St Lucians of all political shades cannot fail to miss the point that Mr Compton's megalomania is so total that he is prepared to stomach, condone and cover-up any crime in order to preserve his political perch. This is the polar opposite of the Labour Party politicians who resigned their offices when they felt that the Regime was no longer fulfilling its mandate to the people.

#### Megalomania

At Wednesday Night's Boulevard Meeting all the arrogance of the pre-1979 Compton returned. Both Mr Compton and his Government is now pilloried by the people for their massive deception, corruption and ineptitude. Mr Compton abused, threatened, warned, blackmailed and expertly divided the people. Unfortunately the people have seen through his deception and his courtship of the Police guns for keeping in power rather than for protecting the peace to enable the people to progress. His tyrannical statements that he would not allow the country to return to 1979 when the masses rejected his Government outright was the threat to use the Police Guns against critics of his Regime and street protesters. He quoted the Jamaica killings.

Mr Compton's megalomania is causing our country to slide into chaos and confusion. The People must be firm and decisive in dealing with the murder that is eschewing all propriety, tradition, all virtues in the paranoid to survive even in an aura of corruption and criminality.

In Poland this week the Security Men charged with the murder of a Priest were sentenced to terms of imprisonment ranging from 14 to 25 years. The Prosecutor called for the death penalty. The Government of St Lucia must read the situation correctly enough to realise that the guilt of Fontenard (if this is ever proven) in no way exonerates the persons who pumped nine bullets into the naked handcuffed man who was in Police custody.

ST LUCIA

PLP ORGAN REPORTS ON COMPTON REMARKS AT UWP RALLY

Castries CRUSADER in English 9 Feb 85 pp 1, 8

[Text] The United Workers Party came under a barrage of heckling and booing when they held their first political meeting in four months on the William Peter Boulevard last Wednesday night. The hostile attitude of the crowd was almost predictable given the Government's non-performance and the public displeasure over the increased licensing fees and the brutal murder of Alphonsus "Yamaha" Fontenard while in Police custody.

A very small knot of people were present at the beginning of the meeting to hear Party Chairman Henry Giraudy almost yawning his way through an introduction like a man who had just deserted the bed-sheets to answer an unnecessary call. Giraudy apologised for the cancellation of the meeting which was summoned the previous week. He mumbled through an introduction of Attorney-General Riviere after telling the sparse crowd that there were no issues for the Opposition to talk about so they have latched on to increased Licensing Fees and the Yamaha Affair.

Attorney General Riviere fixed his sights on Julian Hunte's Insurance activities and told the crowd that instead of trying to agitate taxi drivers Mr Hunte should see about paying the \$300,000 statutory deposit which his Insurance Company is legally bound to deposit in the Treasury. The Attorney General oddly suggested that this would help to repair the roads. His entire address focused on Mr Hunte's Insurance Company but this elicited almost no reaction from the sparse crowd.

About 9 a.m. the musical entertainment on Columbus Square came to an end and fortunately for the ruling Party, the spill-over crowd moved to the Boulevard, but it was a mixed blessing. On hearing the tedious fare offered by Agriculture Minister Ira D'Auvergne about St Lucia's prowess in Agriculture the crowd started asking pointed questions about Copragate. The Minister responded by pulling out a card that he had studiously prepared "If you want to know about Copragate ask Odlum. He hasn't told you that I sued him for libel and defamation. He hasn't told you that. Let him tell the Judge about Copragate, just now he will have to come and ask for your twenty-five cents to pay the damages." The Minister ducked out of the question hinting that the matter was before the Courts and therefore couldn't be discussed. What a pity that the same logic didn't hold for Yamaha!

The hostility of the crowd stepped up rapidly and by the time Minister Mallet came to do his song-and-dance routine that had worn thin over the decades the booing was quite intense. The Minister made a valiant effort to fend them off and in doing so twisted all the statistics of Tourism and openly lied on matters relating to the performance of the previous regime. His window-dressing on the Government's performance gave a little respite to six clapping persons on the J.Q. Charles side of the Boulevard where UWP supporters usually congregate but the heckling always dominated.

When Prime Minister Compton moved to the podium he was greeted with loud shouts of WOY WOY MI JAB-LA. The mood and atmosphere recalled the barracking of 1978 and 1979. It was a sure signal for the Prime Minister that the honeymoon is well and truly over and the people are poised to go for the jugular!

There is never anything new about the Prime Minister's speeches, it switched from bluff to threats to warnings and finally to cowardly menace, holding the killing of rioting Jamaicans as the model for dealing with dissent and protest

Struggling to be heard over the derisive shouts and boos the Prime Minister went into the Yamaha issue. He said: Another area in which I believe we were disgraced is this ungrateful thing death of these people, you have two persons who died in January, or in December. You'll have Daniel, Daniel a man who was called out of retirement, and put to work, working at a place. He is taken from his place of work, put in a car, beaten, the man's jawbone was smashed, he was taken in an area, and he was dumped. His body was burnt while he was alive, he was beaten and burnt for money, from people who do not want to earn a decent living, people who want things they do not work for, people who go and envy what other people have, taken and beaten and burnt while he was alive, because the doctor says that in his lungs they found smoke because he was breathing while he was being burnt (BOOS BOOS BOOOS BOOOS

But nobody remembers Daniel. It is the criminal, the persons who killed Daniel, he is the Martyr. He is the Hero. What type of people are we? What type of people is that?

I boos jeers boos jeers)

When politicians for their own ends can humiliate us like that, pictures all over the place of the murderer, but nobody remembers the victim. Now do not allow people to influence you. Every week the filth pours out and a lot of us are succumbing to that. We are lowering ourselves, our country, and our standards to their standards. That is what they want to make us. St. Lucians are not standing up for the law abiding citizen who was robbed beaten and burnt.

(JEERS JEERS JEERS')

We must show that we still have this element of decency in us. We must show that we respect our own citizen, our law abiding citizen.

People, they use this man, this murderer in order to attack the Police, for their own reasons, attacking the Police. Whatever, however the cause of his death the Coroner's Inquest will say. We having an enquiry into it...but whatever happens the enquiry will say but we cannot make a martyr out of a man who is no more than a Brutal Murderer."

The crowd sustained their jeering in total disapproval of the Prime Minister's unethical attack on the dead man whose body was riddled with nine bullets and what is more the Yamaha inquest has not yet started!

ST LUCIA

HUNTE DISCLAIMS REMARKS USED BY TV, OUTLINES CALL FOR TIME

Castries THE WEEKEND VOICE in English 9 Feb 85 p 2

[Letter to the Editor]

[Text] The Editor: I write to raise and clarify certain points relating to the situation arising out of my approach to HTS for air time on the Party's behalf last January 25. This letter was deemed necessary by certain statements attributed to me by HTS in its release to the press on the matter, which we can prove to be wrong.

On behalf of our Party's Executive and members and our supporters nationwide, I therefore submit the following for the attention of HTS' Management team: Your Press Release in THE VOICE of February 2, 1985 stated in part.

"Mr Hunte responded with an unwarranted display of verbal abuse, staging in the process that HTS was utilising this network to keep the present party in power and that we would be in hot water when the tables were turned..."

#### Conversation

While I would admit that the tone of my conversation with Mr Linford Fevriere one of your Directors might not have been what he would have liked, I wish to remind you that nowhere in my conversation with him on January 25, or with Mr Steve Anius earlier that same day, did I ever state that your station would be in 'hot water when the tables turned.' I can positively prove that I never used those words, and challenge HTS to prove that I did so.

It is not the policy of St Lucia Labour Party to threaten any section of the local media as the party stands and abides by the principles of genuine freedom of the press, and access by the Opposition to the state-owned and national air-waves.

This policy we abide by in Opposition today, and will also abide by and implement when in Government. We, therefore, find it an over-reaction on HTS' part to have misquoted me by reporting that I said something as absurd and potentially damaging both to HTS and to our Party, as it did.

It is obvious that HTS has misread the intention behind our letter to them, and our lodging of a complaint with the local branch of the Caribbean Press Council.

The intention was never to "pressurize" HTS (or RSL, for that matter) but rather to address itself in a practical way to the outstanding question of continued Opposition complaints in St Lucia over the years, of restricted access to state-owned media, and private commercial stations like HTS which are forced to debar the Opposition from their airwaves for fear of offending the ruling party, and jeopardizing their arrangements with, or concessions from, government.

For us in the SLP, this is a real question of growing importance, especially as we are approaching another general election in St Lucia. It is also a question of growing regional importance, and, as I have stated before, our party is considering the legal avenues of attaining an official policy in this regard, if HTS and the Government do not come up with such a policy in reasonable time. May I remind you that opposition parties in Trinidad and Tobago and Barbados have had to seek such rulings on opposition access to state-owned media.

HTS is telling us that they have not adopted a policy in this regard. The questions we now put to you are:

Having operated for so long in St Lucia, how much longer will HTS take to formulate this policy and what must the Opposition parties here do in the meantime?

What if you and the Government do not come up with such a policy before the next general election? We would appreciate an answer in this regard.

In the release, HTS referred to carrying occasional releases from our party and granting of a 20-minute interview after our last Convention, over five months ago, as evidence of its "impartiality."

In the SLP's view and as far as we understand the operations and duties of the media (whether state--or private-owned), it is the duty of each medium to report such news as a matter of public information and such cannot be used as a criterion of a medium's "impartiality."

What we think would show some "impartiality" towards us and other opposition forces in St Lucia is equal opportunity and access to HTS, at least as much as the ruling party which seems to have unlimited and unrestricted access to your station's airwaves. May I remind you, as I told Mr Fevriere, that HTS is not a government station, and should not be answerable to the government or ruling party on the question of opposition access to its broadcasts.

The St Lucia Labour Party would be equally concerned if it formed the government and similar access to the media was denied to opposition parties.

Finally, on behalf of the SLP and our supporters, I wish to reaffirm that the party holds no vengeance for HTS or any other local medium that is at present restricting our party's full access to it.

What we do wish to state however, is that we in the SLP shall no longer sit idly by and accept the principle that the absence of a definite policy in regard to opposition access to the nation's most powerful airwaves (be it radio or television) should warrant refusal of access to such media, even when we indicate our willingness to pay for such air time.

This policy we find unacceptable and if the situation does not change whenever the SLP forms the Government of St Lucia, it will certainly consider, as a matter of urgency, the necessary steps to change this situation for the better of the media, the nation, and our people.

In the meantime, we shall continue to struggle in Opposition for a change from this harmful policy that contradicts all democratic principles and freedom of the press as we understand them.

We trust that the above will assist in putting the position adopted by the St Lucia Labour Party into its true perspective.

Julian R. Hunte  
Political Leader

CSO: 3298/457

ST LUCIA

## STATUS OF PLP LEADERS QUESTIONED; ODLUM OFFERS VIEWS

Kingston THE DAILY GLEANER in English 1 Mar 85 p 12

[Text]

**CASTRIES, St. Lucia,**  
**Feb. 27, CANA**

Is St. Lucia's leading leftist political group, the Progressive Labour Party (PLP), collapsing in the wake of an exodus by key stalwarts? Local political observers say yes, but according to party leader George Odlum that's not true.

Deputy political leader, Michael Pilgrim, a former Prime Minister-turned businessman, heads the list of executives reported to have distanced themselves from the three-year-old party following its dangerous showing in the 1982 general elections.

Odlum, the PLP's flamboyant leader, and an ex-deputy Prime Minister, says it is a fact that Pilgrim and other leading members are not functioning, but according to him, they have not quit the party altogether.

"Because of the nature of political support and financing in St. Lucia, it is almost impossible for people to be out of jobs and play a political role," he told CANA as he sought to explain their inactivity.

"The nature of patronage politics here is such that you will not get a job if you're an active political aspirant. This is the reality of survival politics."

Nevertheless, says Odlum, 50, a handful of committed activists are hard at work behind the scenes laying the basis for the party to stage a strong national comeback.

"For people to say that the PLP has disintegrated is a complete distortion of the facts. The PLP is actually the strongest political opposition force in the country now," he said.

But unlike in the early days when its presence was highly visible, the PLP has been keeping a rather low profile after managing to win just one of the 17 parliamentary seats in the 1982 poll.

Political observers say besides the departure of key activists, the strong anti-leftist sentiment that has swept the region in the wake of the Bloody 1983 Grenada debacle has turned the tide against the PLP.

Odlum, an Oxford-trained economist with a penchant for wearing revolutionary-type garb, is probably best remembered throughout the Caribbean for his spirited bid to oust Prime Minister Allan Louisy and assume leadership of this mountainous 238 square mile island in between 1980 and 1981.

The power struggle eventually led to the collapse of the St. Lucia Labour Party (SLP) administration -- Odlum was then its deputy leader -- Odlum's decision to launch the PLP, and early elections in 1982 which returned Prime Minister John Compton's United Workers Party (UMP) to power in a landslide.

Now out of parliament, Odlum devotes his time fully to managing his weekly "Crusader" newspaper and directing the affairs of his party from a pink two-storey stone building on St. Louis Street in the heart of the city.

With the leadership struggle still in the minds of St. Lucians,

analysts say the PLP's chances of winning an election have become remote, especially following the bloody collapse of Grenada's Marxist government as a result of a similar fight for power.

Odlum was a strong supporter of the People's Revolutionary Government (PRG) and its leader, Maurice Bishop, who was killed with several of his colleagues during a coup staged by hardliners within his New Jewel Movement (NJM).

Odlum, who says his brand of socialism is not the hardline variety critics imply, concedes the Grenada episode was a

setback for the Caribbean left. But he says it is just a matter of time before the present anti-leftist sentiments fade in the face of what he contends is the failure of the capitalism to meet regional development needs.

Odlum says another plus on his side is that the PLP never supported the radical Marxist-Leninist type of politics which, he contends, was the bane of the Grenada revolution.

"We believe in the Caribbean tradition of politics which is a type of personality politics; not to be carried to the extreme of developing

oneself into a Hitler," Odlum declared.

Acknowledging that the PLP could be doing much more work, he said the new emphasis of the party centered on creating "cells" — small units to push the party's propaganda — across the country rather than holding public meetings.

"At this time, that's tactically more important than blowing hot air from platforms," he said.

The party's assessment was that there was growing national disenchantment with Prime Minister Compton's rule, he said, referring to the country's rising unemployment level.

CSO: 3298/457

ST VINCENT AND THE GRENADINES

ACCORD ON NATURAL RESOURCES DEVELOPMENT SIGNED WITH OAS

Kingstown THE VINCENTIAN in English 8 Feb 85 p 1

[Article by Elvis Ollivierre]

[Text]

St. Vincent and the Grenadines and the Organisation of American States (OAS) are collaborating in a joint venture for the protection and development of this nation's natural resources. OAS has signed a similar agreement with three other Caribbean member states. Last Friday February 1st Prime Minister J.F. Mitchell signed a project document for technical assistance in the management of natural resources worth four hundred and ninety four thousand, five hundred and ninety one U.S. dollars (US\$494,591). Of this amount the Government of St. Vincent and the Grenadines will contribute fifty five thousand, five hundred and ninety one dollars (US\$55,591). The balance will come from the OAS Technical Corporation Project (TCP). The Executive Secretary for Economic and Social Affairs Julio C. Gil-Garcia represented the OAS at the signing ceremony. He said

"This agreement not only provides an organised framework for the provision of OAS services in support of goals for your government but establishes a work plan for integration into a comprehensive scheme."

The Prime Minister in his speech stated that the project document will assist the country in organising its' natural resources — the maintenance of forest cover and water supply. He noted that the project would ensure that the 33 million U.S. Hydro Scheme would go from strength to strength. Mitchell also said "We are anxious to ensure that our forest cover develops to assist us with the furniture industry, also for the production of wood which may be used for charcoal." The project covers the areas of integrated labour based in management, land use, planning, agriculture sector planning and institution building and training components according to Gil-Garcia.

CSO: 3298/458

15 April 1985

## ST VINCENT AND THE GRENADINES

## COLUMNIST ASSESSES ROLE OF SLP LEADER HUDSON TANNIS

Kingstown THE VINCENTIAN in English 8 Feb 85 pp 8, 14

[Ken John column "This Week": "Tannis on Trial"]

## [Excerpts]

This column will attempt to fill the gap left by Radio 705 and "The Star" in not giving a timely thumb-nail sketch of the political career of the new leader of the Labour Party.

people; the principle of "Little Sin and big sin" was enunciated in defence of Casino gambling; St. Vincent moved into "the Fourth World" at the U.N.; the localised Union Island uprising was used as a pretext to threaten innocent Grenadines people living on the mainland; the dread bills were sugar-coated and attractively packaged for public consumption.

Generally, Tannis has been a man of words, not of action. That's why the sobriquet "Mighty Explainer" was able to stick with a vengeance. In ideological terms, Tannis is to the far Right of the Labour party though he can, as he has recently done, spout the rhetoric of "socialism".

On a personal level, you cannot want for a nicer person. He is sociable, charming and generous to the point where he seems not to have "No" in his mouth; a trait which

earned for him the nickname of "Mr Promise" when he failed to deliver the goods whilst in office. As new leader of the Labour Party, Tannis will have to shed most of the old self if he is to remain relevant to the times and drag his party into the final decades of the 20th century.

## THE NUMBERS GAME

Next week, Tannis leads the Labour Party for the first time into a bye-election which could be an index for the party politics of the next five years or so.

Unfortunately for him, he has inherited a no-win situation: a Labour victory will only confirm East St. George as an impregnable Labour fortress; a loss would represent a stinging slap in the face for the new leader. And This Week tips Louis Jones of the ruling NDP to cruise home with a comfortable enough lead of 300 odd votes over Donald Browne of the St. Vincent Labour Party, thus greeting Tannis with a real baptism of fire.

For the sake of convenience we will deal in round figures.

Last time around, Ex Prime Minister Cato held the seat with just under 400 votes. It is anticipated that this majority will be wiped out with near to 300 Cato supporters refusing to vote, another 100 normally committed labour votes actually switching to the Jones camp, and a further 100 picked mainly from those who did not vote in 1984 as well as from the tiny group of floating voters. This way, Jones would go into the lead by 100 votes.

The reasons for the predicted abstention are: the withdrawal from the scene of Cato's personal charisma; Labour's misfortune in having to tackle the bye-election before the dust has settled on the leadership crisis; the confusion, crowned by Cato's rebuff, over the selection of the labour candidate; the consequent difficulty of either Cato or

Turnis (whose application for the job was turned down) selling the new candidate; the fact that not much is known or remembered of Donald Browne; the lukewarm support he will attract from labour's youth who wanted another man; the apparent pointlessness of voting a person into the Opposition.

On the other hand, Jones will pull some votes especially from among Labour's youth who see him as a grass-roots man.

With Cato's grip now loosened, some of his personal support, particularly in Labour's uncertain state, will fall away and opt for the line of weakest resistance by joining the N.D.P. bandwagon.

Then, again, Jones had not the time in 1984 to develop his full momentum, and his graph was still rising on polling day. In the intervening seven

months he will have bartered another 100 votes from among those who had stayed at home or had voted Cato by default or out of habit.

The 400 new electors added to the list will most likely use their franchise. Of these, Jones is expected to move off with a goodly three-quarters, thus establishing an over-all lead of about 400 votes.

This latter figure can reasonably be cut back by 100 or so to cover disgruntled N.D.P. supporters who have suffered hardships or broken promises attributed to the Government of the day, as well as a handful of persons who fear any further strengthening of the Government, or view East St. George as labour territory come what may.

The final figures should read in the region: Jones 2000; Browne 1700. And there hangs a tale.

CSO: 3298/458

ST VINCENT AND THE GRENADINES

OPPOSITION STATEMENT HITS PUBLIC FINANCING, DEBT REPORT

Kingstown THE VINCENTIAN in English 15 Feb 85 p 3

[Text]

J.G. Thompson, the St. Vincent Labour Party's spokesman on Finance has issued the following statement on behalf of the Parliamentary Opposition.

"The Report of the Committee on Public Financing and Debt which was appointed by the Prime Minister has been severely criticized by the Opposition Labour Party on the following grounds:-

1. The Committee incorrectly classifies a debt to include money not yet disbursed to the Government of St. Vincent and the Grenadines. The Prime Minister in the House of Assembly stated the External Debt to be \$E.C. 46.8 Million Dollars which includes the undisbursed sum of \$E.C. 21.1 Million Dollars thus making the actual External Debt of St. Vincent and the Grenadines \$E.C. 25.7, Million

Dollars. This is in fact the lowest among Eastern Caribbean States and even this figure appears to be inflated. It is significant to note that the Report incorrectly puts the External Debt at \$E.C. 49.2 Million Dollars by including the undisbursed portions of contracted sums.

2. The conclusions reached by the Committee in relation to the various Statutory Bodies are distorted and inaccurate.

There ought to have been some input from former Ministers of Government and former Members of the Statutory Bodies giving the strategies and objectives of the Statutory Bodies, failing this it is not surprising that the Committee arrived at inaccurate conclusions. For example, the Committee criticised the Development Corporation for renting factory shells at low rentals. This was in fact the policy of the

Corporation aimed primarily at encouraging local entrepreneurs to diversify their operations by getting involved in manufacturing.

3. The Report failed to reveal the purpose for which the Debts were contracted and how these relate to Government's plan for National Development. In fact there is a vast amount of assets in existence to justify the Debts.

4. This whole exercise is intended by the N.D.P. Government to detract from and to negate the record achievement of the former Labour Government in the Development of St. Vincent and the Grenadines. It is viewed as an excuse for the imposing of the repressive consumption taxes and other tax measures on the people of this country.

It is noteworthy that the Report does not contain any incident of corruption although broad allegation in this regard were widely publicised before and after.

CSO: 3298/458

ST VINCENT AND THE GRENADINES

BRIEFS

BEQUIA AIRPORT--Prime Minister James Mitchell in his address to the nation, broadcast on SVG Television last Friday, said that his Government is looking forward to financial assistance from the European Development Fund (EDF) for construction of the Bequia airport. The airport is to be 3 000 feet long. Mr Mitchell also has plans for the improvement of the Canouan and Union Island airstrips. The servicing of the Canouan airstrip will be done by the Canadians while the investors who are managing the Union Island airstrip would further extend it by 500 feet. Mr Mitchell assured his listeners that his Government is not wasting time. [Text] [Kingstown THE VINCENTIAN in English 15 Feb 85 p 3]

CSO: 3298/458

VENEZUELA

MAS CANDIDATE FREDDY MUÑOZ DISCUSSES IDEOLOGY, PLANS

Caracas EL DIARIO DE CARACAS in Spanish 13 Feb 85 p 12

[Article by Miguel Conde: "I Am Not Intolerant or Categorically Marxist"]

[Text] One candidate for secretary general of the MAS [Movement Toward Socialism], Freddy Muñoz, is considered an advocate of defining his party as a force for democratic change opposed to the Soviet communist option. He said that the MAS must have a unique policy, a unique programmatic platform and a definite profile to society. It cannot continue being an archipelago.

Freddy Muñoz, the staunchest aspirant for MAS secretary general, says he is neither intolerant nor categorically Marxist in response to those who, with calculated carelessness, attribute "hard and dogmatic" positions to him.

Muñoz does not see Marxism as an absolute and final truth. He thinks that, behind those stories about his dogmatic hardness, lies an interest in deception for purely electoral objectives. The intention is to influence the current competition within the MAS.

Muñoz emphasized: "That type who knowingly lets something that is not the truth be spread is involved in electoral speculation as to the internal competition. I am sure that they know inside that this label cannot truthfully be put on me. I am not intolerant. My theoretical and political definitions go in a very different direction than this rumored intolerance."

However, there are some things that Freddy Muñoz is inflexible about--the morality that must accompany a true political leader and the search for a precise definition for the MAS.

"I am a firm advocate of a definition that places the MAS in Venezuelan society as a force for radically democratic and libertarian change and rejects the communist option, especially incarnate in Soviet society. This is contrary to the aspirations for justice, democracy and freedom. It must also reject the social democrat option because this does not constitute a proposal for change but remains best expressed within the boundaries of the established order. I defend the construction of the MAS as a profoundly democratic political project

based on its general proposal for the country. I will act as secretary general of the party based on that profound conviction. Events will demonstrate this."

After arguing that he can dialogue with tolerance, Munoz felt it was useful to explain that he will not be a weak leader of a wholly defined MAS.

"I feel it is very necessary to state that I will act firmly so that the MAS, from now on, has a unique policy, a unique programmatic platform and a defined profile to society. This does not mean intolerant hardness on my part but comprehension of the need that the MAS be a unit, not an archipelago. This is also democratic recognition of the majority will of a party that no longer wants nondefinition or confusion."

Munoz said he does not want a specific socialist philosophy but an end to the incessant practice of absolute doubt.

He emphasized: "I do not support a finished philosophy. I am convinced that doubt is a basic factor in order to get closer to truth. However, a party cannot make doubt an absolute so that it does not have any correct path, any reliable idea. Based on this, you can see how much truth there is in my alleged hardness."

Freddy Munoz also rejected the notion of his religious Marxist dogmatism.

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VENEZUELA

POSSIBLE ALLIANCE BETWEEN CANDIDATES FOR MAS SECRETARY GENERAL

Caracas EL DIARIO DE CARACAS in Spanish 19 Feb 85 p 10

[Text] Freddy Munoz' progress in the fight for secretary general of the MAS [Movement Toward Socialism] has quickly led to talks between Bayardo Sardi and Juvencio Pulgar, the other two aspirants for the main party position, concerning an alliance.

Munoz relies on the most orthodox cadres of the MAS and the endorsement of Pompeyo Marquez to win party leadership at the convention next April. He is not ignorant of the plans of Bayardo and Pulgar but does not seem to fear that possible alliance.

The argument frequently used by his internal adversaries is that a victory by Munoz means a hardening of the MAS line and inflexible leadership that comes down on dissidence and individual positions that do not follow party discipline.

Munoz has denied those accusations but does state that, under his leadership, the MAS will not continue with nondefinition and confusion. Without resorting to personal intolerance, he will impose firm discipline.

The alliance that Bayardo and Pulgar now seek to stop Munoz' advance toward the secretariat general has not yet defined which of them will continue in the battle as aspirant to the main party position. However, it has established some proposals for negotiating future positions in party leadership.

The Bayardo-Pulgar alliance seems to be a logical maneuver to defeat Munoz in the best of cases or to negotiate positions for future regroupings in the worst of cases.

This week the teams of Bayardo and Pulgar have planned meetings to expedite an agreement before Munoz achieves new progress and converts his victory into an overwhelming certainty, consequently compromising the possibilities of negotiating the distribution of party power.

Bayardo and Pulgar seem to understand that any delay will weaken their future chances.

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VENEZUELA

STUDY LINKS LEVELS OF FOREIGN RESERVES TO ECONOMIC RECESSION

Caracas EL UNIVERSAL in Spanish 17 Feb 85 p 2-1

[Text] The fact that a country has a high level of international monetary reserves does not mean that it has a strong, prosperous economy. In this connection, the Institute of Economic and Social Research of the Andres Bello Catholic University, in a study coordinated by Luis Zambrano Sequin, comments: "The increase or maintenance of the level of reserves affords greater leeway for implementing recovery policies, but in themselves they do not determine the success or failure of such policies."

The aforementioned study notes: "In this respect, the level of international reserves currently held by Venezuela is a result of a major recession in internal activities, a stringent control of the supply of foreign exchange, a delay in the payment of the foreign debt, and even of merely accounting or legal transactions. The amount of these reserves has become a kind of restriction which, under certain circumstances, limits the effects of the expansion policies and thereby the level of the growth rate. This limitation becomes less as success is accrued in the restructuring processes which alter the relations between internal growth and foreign exchange requirements, processes which, generally speaking, develop over medium and long-term periods.

"For these reasons, the suitable level of international reserves," it adds, "should be described on the basis of the features of the policies that have been devised (substitution of imports, promotion of exports, public debt, etc.) and the likely expansion of the national economy, as well as the evolution of oil exports in particular."

"Moreover, it must be stated that even if positive growth rates are attained, this will not necessarily improve the Venezuelan's average standard of living; because apart from the structure of the distribution of income, a rise in the living standard requires real growth in the product exceeding the population growth which, on the average, totaled 3.24 percent during the 1970's. This means that the domestic economy, along with the purchasing power of our oil exports, must increase at a rate close to 4 percent per year, to improve the standard of living.

"The attainment of an increment of this magnitude is not impossible, during the next 2 or 3 years, at least insofar as the foreign exchange requirements are

concerned; because the country has reserves available which could withstand certain levels of deficits in the external account, particularly in view of the 1984 results; deficits which will depend not only on the performance of the international financial and oil markets, but also on the manner in which the fiscal, monetary and exchange policy is administered.

"In connection with economic policy, although up until now there has been no complete view that would make it possible to examine the details and the degree of consistency in the government's decisions, it would appear that they were based on the axiom of idle productive capacity which, in principle, would allow for an expansion in demand without heavy pressure on the balance of payments. Nevertheless, on the individualized level, one has to ask whether that idle capacity relates to the sectors in which it is possible to increase consumption or not. In addition, it would be feasible to examine the extent to which the (administrative or legal) restrictive policy on imports affects the use of that idle capacity, particularly in those industries which are greatly dependent on imported input. We must remember that industry in Venezuela, even during the prosperous years, has maintained considerable margins of idle capacity insofar as the technical capacity of the equipment was concerned, revealing one of the permanent features of technology, which is its non-adaptation to the scale of markets and to the gamut of available productive factors. For this reason, it is fitting to regard carefully the axiomatic statement concerning the level of idleness in installed capacity, and even more so when one considers the by now long period of reduction in investment that began in the country during 1979.

"In any event, domestic growth requires a process of accumulation which, under the most favorable circumstances, will at least be confined to requirements of working capital. The growth rate will depend on the magnitude of this variable. The questions that arise in this connection are the following: Will there be sufficient surplus to replace the capital and new investments when the business sector faces a difficult financial situation owing to the reimbursements that it would have to make in order to deal with the service on the debt? Will the public sector be able to stimulate the aggregate demand under circumstances wherein the central government's budget entails a sizable cut in real spending? Will it be possible for private consumption to rise if the wage adjustment does not exceed the changes in the inflation rate?

"There is every indication that, if we want an increase in economic activity, there must be changes in the concept of the economic policy. In particular, it appears necessary to resort to a deficit-type fiscal policy which could finance an increment in the public sector's demand.

"Another area which requires a thorough review is that related to foreign investment, not only for technological and market reasons but because of financial requirements for foreign exchange as well.

"It is also necessary to remove the entire group of permits and regulations affecting the investment process, as well as to rearrange the tariff policy, simplifying it and making it harmonious with the handling of exchange rates.

"With respect to the wage adjustment, it must be understood that a policy for artificial creation of jobs, dissociated from the production of goods, can hardly contribute to the economic recovery, especially when that policy affects the productive sectors. The unemployment problem cannot be solved by decrees; it will disappear only when the level of productive activities rises. A serious mistake could be made by those who, looking at the situation as an aggregate, assume that a rise in wages automatically generates an increase in demand, and hence an increment in the product. It must not be forgotten that it is the sectors of end consumption, especially those with the lowest income, who have been and are receiving the highest subsidies. When the direct or indirect subsidies are eliminated or reduced, a wage increase would not necessarily offset the decline in real wages, and hence that in domestic demand. It must be remembered that the available idle capacity is most likely not aimed at providing consumer goods with meager repercussions on the balance of payments, but rather is more associated with the traditional spending structure of the public sector. Furthermore, we must bear in mind the speed of adjustment of investment to any adjustment in consumption. If the latter is slow, and made more acute by the scenario of uncertainty which might still surround the business owner, a rise in wages could cause an increase in inflation, which would cancel the initial multiplying effects of an increase in the demand for consumer goods.

"Under circumstance of a depression in domestic demand, it is feasible to stimulate the export activities of the sectors with an idle capacity which do not generate relatively greater pressure on the demand for foreign exchange to provide input. The exchange differential has proven to be a very appropriate mechanism for stimuli, even from the standpoint of the distribution of income. Non-traditional exports can help not only to procure a larger volume of foreign exchange, but also to create a larger number of jobs, to make up for the inadequacy of domestic demand among certain sectors and to trigger a process of economic recovery. It should be realized for once and for all that the national industry has no viability over the long term unless it is projected abroad. The size of the domestic market alone can hardly support an efficient industrial structure. This latter argument also requires a thorough review of our policy for substitution of imports, because after nearly 30 years of promotion and stimulation in certain sectors, the social cost of which has been very high, it is obvious that there is no advantage in continuing to support them.

"The prolongation of the uncertainty regarding the multiple exchange system is a factor causing lack of confidence for internal investment and for the repatriation of the capital that has fled. The exchange profit is only justifiable in the event of need to compensate for the loss of the 4.30 exchange granted for amortization of private capital. The economic recovery requires unification of the exchange rate, decided on the basis of a serious empirical study of the bolivar's external purchasing power.

"The loss of the bolivar's purchasing power is an irreparable event. Recognition of this situation could be made slowly, causing a suspense which would not always favor business, or it could occur with relative speed, reducing the

suspense and uncertainty. An accelerated exchange unification will cause sudden price adjustments; but consecutive price adjustments are usually greater than single adjustments, because the former make it possible to introduce, consecutively, elements of suspense concerning a rise in the future price.

"It should be borne in mind that the setting of the exchange rate cannot be either arbitrary or dissociated from the evolution of the relative purchasing power of the bolivar; because an exchange adjustment less than that indicated by parity in purchasing power, due to fear of the internal inflationary effects, causes a tendency to overvalue the monetary unit, something which has been the cause of many of the structural and cyclical problems of recent times. Under our present circumstances, an overvalued currency would cause either a necessary maintenance of strict exchange control or a rise in the levels of protection; things which would by no means contribute to the restructuring of the domestic economy and to a heightening of the level of confidence. Hence, it is advisable for the unification of the exchange rate to be carried out based on the parity level of the purchasing power, being adjusted with a frequency to be determined by the magnitude of the imbalance between the rates of internal and external inflation that is of significance to the country.

"These final considerations of a general nature indicate that an acceptable solution in the country's external economy could represent a challenge to the internal economy. This challenge imposes many sacrifices on consumers, particularly those who have traditionally enjoyed the abundance and facility. 1984 was a year of adjustment and the results have proven satisfactory; but what remains to be adjusted is more complex, because what must be taken into consideration does not relate merely to the short term, but primarily to the medium and long terms."

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VENEZUELA

#### FISCAL DEFICIT EXPECTED TO REACH 10 BILLION BOLIVARS

Caracas EL UNIVERSAL in Spanish 28 Feb 85 p 2-1

[Text] The national executive body is analyzing the report submitted by the International Monetary Fund's Technical Commission, which indicates that a fiscal deficit of 10 billion bolivares will occur by 1985.

The account from the Technical Commission, comprised of Marty Hardy, Leonardo Cardemil, Adriana Chaty and Jose Fejembau, was submitted to the minister of finance, Manuel Azpurua, and is being studied on different levels of public administration.

The first surprise for the representatives of the government sector is the conclusions indicating a fiscal deficit of the magnitude predicted by the International Monetary Fund. As sources close to the Ministry of Finance disclosed, the IMF officials used an extremely conservative level of revenue from oil, which was lower than the so-called low oil scenario called for by CORDIPLAN [Office of Coordination and Planning] in the Seventh Plan of the Nation. They are also of the opinion that the internal revenue from income taxes will not attain the levels predicted by the executive body.

On the other hand, the IMF technicians incorporated into the public expenses all the outlays called for in connection with the private foreign debt, which will be taken partially from the Exchange Compensation Fund.

In overall terms, they included the prepayments of interest on the private foreign debt amounting to about 5 billion bolivares, the disbursements in foreign exchange pertaining to the so-called "zero coupon" (\$300 million for Caracas Electricity and \$200 million for the financing associations), the interest and the Financing Law bonds.

All these expenditures, when compared with the highly conservative forecast of the oil revenue, are what has caused a fiscal gap of about \$10 billion.

#### The Extra-Budgetary Fiscal Plan in Sight

The first result of this conclusion drawn by the IMF report is the so-called Extra-Budgetary Fiscal Spending Plan proposed by the executive body to reactivate the economy in 1985.

In principle, it had been proposed to use \$18 billion for investments in various types of infrastructure and for social transfers, a sophisticated type of subsidy allocated for children and training programs for the unemployed.

The International Monetary Fund was opposed to the fiscal plan, because there were not sufficient financial resources for making this kind of expenditure. They did not think that these monetary surpluses were generated by the productive system, but rather that they were a result of the monetary manipulation of the bolivar's devaluation adopted during February of last year.

In this connection, the IMF delegation not only considers the fiscal plan improper, but also thinks that, in 1985, even more stress should be placed on the austerity measures applied by the Lusinchi administration last year.

In any event, they do not preclude the fact that the fiscal investment program may be carried out by 1986, if the oil market becomes stabilized.

The IMF also proposes that there be a hastening of the process of exchange unification called for by 1 January 1986, and that we should proceed toward a gradual process of increasing foreign trade, in addition to the well-known flexibilizing of prices.

#### Economic Reactivation in Limbo

The IMF report constitutes an element of pressure for the executive body in its plans for economic reactivation. The extra-budgetary fiscal plan, the main spark-plug for reviving the productive system, has already been changed on several occasions, and it cannot be precluded that it may be reduced further still.

It was originally intended to inject 18 billion bolivares. After the party-government summit meeting in Caraballeda, this sum was cut in half; in other words, to 9 billion bolivares. This was announced by the finance minister, Manuel Azpurua, at the meeting of the Bicameral Commission analyzing the Seventh Plan of the Nation.

Nevertheless, later, after the results of the OPEC meetings in Geneva, a "margin" was established, fluctuating between 3 and 9 billion; but it is considered most likely that this will be ultimately set at 6 billion bolivares.

Nevertheless, sources queried in the Ministry of Finance have revealed that the effort is being concentrated on the distribution of investments amounting to approximately 3.4 billion bolivares.

According to the technicians, every billion bolivares injected into the economy in the form of public investments represents an 0.2 percent increase in the growth rate of the gross domestic product.

In other words, if the initial prediction of the finance minister (6 billion) is confirmed, the GDP for 1985 would increase 1.2 percent; and if it only remains at the estimate made for the first period, it will amount to only 0.6 percent.

However, this transfer from public investment to growth in the economy is not automatic. There is already a lag in making decisions on this fiscal plan, and after it has been approved by the Council of Ministers, there must be a lengthy interval allowing these funds to have a real effect on the economic process.

This held true of the so-called Employment Plan or program to improve the physical infrastructure in 1984, for which a total of 1 billion bolivares was appropriated.

The delays in the implementation of the Employment Plan prevented it from being executed in its entirety during the established period of time, and it has not been until now, during the first two months of 1985, that it has shown a certain effect.

There is also the question about the final performance of the oil market, which has proven to be unstable since October, and which could cause surprises this year.

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VENEZUELA

INCREASE IN MEDIUM, LIGHT CRUDE OIL RESERVES REPORTED

Caracas EL NACIONAL in Spanish 15 Feb 85 p D-6

[Article by Cayetano Ramirez: "Reserves of Light, Medium Crude Oil for 31 Years"]

[Text] The reserves of light and medium crude oil in Venezuela would last 31 years at the current production rate without incorporating new amounts. This gives the national oil industry greater flexibility to balance the different crude oils in the export package.

The situation of Venezuelan light and medium crude oils has been changing in recent years because they have been exploited less and because discoveries and revisals have increased the volume of reserves and potential. Venezuelan light crude was at a very high price compared to the light crude oils of other countries, inside and outside OPEC, for a long time. Therefore, exports declined and they have been used basically for refining inside the country. This made production decrease.

In 1984 the volume of light crude produced in Venezuela was about 468,000 barrels per day, 27.5 percent of the total production. The volume of medium crude was 424,000 barrels per day equal to 24.9 percent and heavy and extra-heavy crude totaled 810,000 barrels or 47.6 percent.

In the last 5 years, the volume of proven reserves of light crude oil increased by more than 1 billion barrels. The volume of reserves of medium crude also increased so that both total 9.8 billion barrels. If they are produced at the same rate as in 1984--that is, 171 million barrels of light crude and 155 million barrels of medium crude, a total of 326 million barrels per year--they will last for 31 years.

The predictions of the national oil industry as to additional reserves indicate that they will increase by about 1.2 billion barrels by 1990 totaling 11 billion barrels in these two categories. This means that exploration as it is planned, the technical progress in additional recovery and other changes will make it possible to easily compensate for the production of 1.8 billion to 1.9 billion barrels of light and medium crude in the next 5 years and leave higher reserves. Therefore, the ratio between reserves and production will be projected at more than 30 years beginning in the 1990's.

Venezuela has a potential for 2.55 million barrels per day of which 60 percent is medium and light crude and 40 percent heavy and extraheavy crude. This indicates that our potential for medium and light crude is about 1.53 million barrels per day. At this time, 892,000 barrels--that is, 52.4 percent of the available potential--are produced.

For some years now, the guidelines of the office of energy have emphasized the search for light and medium crude oils and handling production in relation to reserves so that they last at least 18 years. The ratio between reserves and production of these two categories is 31 years, 13 years more than the basis of the policy guideline. This helps the oil industry increase its exports of these crudes with the objective of maximizing income and keeping the global volume of production adjusted to the quota set by OPEC.

As to commercial aspects, flexibility is an instrument to be used at a certain time, not a permanent policy to massively increase exports of light and medium crude oil. An increase in sales of light crude instead of medium--let's say, 50,000 barrels daily--represents an additional income of more than \$100,000 daily or about \$400 million in the year. If the operation can be done, it should not be criticized if the oil industry does so at a time when it needs to increase its income. If lights are sold for heavy crude, the additional benefit is even greater.

This does not in any way contradict the fact that Venezuela is working on a long-term trade policy for its heavy crude and tries to guarantee a market. This policy has been developing for years and has permitted almost half of our production and exports today to be heavy crude oil. It is necessary that this proportion increase and that a strategy of foreign market penetration continue to insure its placement. However, we repeat that this is not in contradiction with temporary trade decisions that permit the national oil industry to exploit its capacity to increase income at a time when it is possible and necessary for the country. That is why the broad margins of potential and reserves have been created.

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VENEZUELA

NORWAY REFUSES TO CUT OIL PRODUCTION

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[Text] Caracas, 11 Mar 85 (OPECNA) -- Norway says it will not reduce oil production in line with OPEC policy, although it shares the organization's view that prices should remain high.

Norwegian Foreign Minister Svenn Stray told a press conference here at the weekend that Norway could not go along with OPEC because of "the long-term planning that goes into offshore North Sea oil production".

"Norway has been very careful to try not to be the leading country in setting the price of oil," he stated, adding that "we, of course, are more than any other country interested in stable oil prices."

He said Norway has forced to cut its oil price last October in order not to lose its bigger customers to the spot market, which would have had "even worse" consequences for world oil prices.

Stray said Norway was currently producing 700,000 b/d and would continue to do so in the "foreseeable future". He believed this level could be maintained for at least 50 years.

He claimed Norwegian production increases did not affect world oil supplies as much as it would appear, and predicted that world oil prices would remain stable in the medium term.

Earlier, Venezuelan Energy and Mines Minister Dr Arturo Hernandez-Grisanti told reporters that while Norway continued to increase its production, Mexico, another non-OPEC member, was contributing to the stability of the oil market by its "prudent conduct".

He pointed out that market stability would not be helped if Britain increased its North Sea oil production and the Soviet Union stepped up its exports.

Hernandez said he had held frank discussions with the Norwegian foreign minister and explained Venezuela's concern over Norway's oil policy.

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VENEZUELA

BRIEFS

CIC CRITICIZES WAGE INCREASE--Yesterday, the Caracas Chamber of Industrialists [CIC] sent a press release in which it established its position toward the new increase in the minimum wage recently ordered by the national executive body, stating: "While the country's productive system is being decapitalized by inflation and the government is not reacting to this by making inflationary corrections, we are observing that same government holding an emergency meeting to adopt measures that will affect production costs and preclude opportunities for those who are unemployed." The press release goes on to say that Decree 493 of February of this year has set as a compulsory national minimum wage the sum of 1,500 bolivares (50 bolivares per day), and has made a 66.6 percent increase in the monthly income of workers. If there is added to this the 12 bolivares per day for a food allowance and 34 bolivares per day for transportation, the monthly income is 65 bolivares and 4 centimos per day; which represents 1,962 bolivares per month, excluding from this figure the effect of the additional benefits, such as social benefits, interest on social loans, life insurance, hospitalization and savings accounts. According to the Caracas Chamber of Industrialists, it is incredible that, at this point, there has been no gauging of the effect of the additional benefits on wages, and that there is still talk about a wage based on monthly income, without including the effect of the other benefits which are increasingly larger. In conclusion, the CIC asks the following question: Why doesn't the government hold an emergency meeting to seek measures to prevent capital depletion caused by the inflation which is stifling the productive sector? "If there is no such reaction to this problem, we shall have to be prophets of doom again over the short term." [Text] [Caracas EL DIARIO DE CARACAS in Spanish 12 Feb 85 p 25] 2909

SECURITIES COMMISSION, CORDIPLAN APPOINTMENTS--Enrique Urdaneta Fontiveros has been appointed president of the National Securities Commission (Comision Nacional de Valores). He replaces Francisco Garcia Palacios, who will become deputy minister of the Office of Coordination and Planning. [Summary] [Caracas EL NACIONAL in Spanish 20 Mar 85 p A-1 PA]

APPOINTMENTS TO CENTRAL BANK--President Jaime Lusinchi has appointed Pedro R. Tinoco director and Pedro Vegas Rolando alternate director of the Central Bank. They will represent the National Banking Council. [Summary] [Caracas EL NACIONAL in Spanish 20 Mar 85 p D-4 PA]

AMBASSADOR TO ARGENTINA--Foreign Minister Simon Alberto Consalvi swore in Nocomedes Zuloaga, the new Venezuelan ambassador to Argentina, yesterday. [Summary] [Caracas EL NACIONAL in Spanish 16 Mar 85 p D-11 PA]

JANUARY, FEBRUARY OIL OUTPUT--According to the latest weekly bulletin issued by the Energy and Mines Ministry, the country's oil production for January and February of this year averaged 1,568,000 barrels per day. The weekly bulletin indicated that the average production figure for 1984 was 1,695,000 barrels per day. [Summary] [Caracas EL UNIVERSAL in Spanish 17 Mar 85 p 1-1 PA]

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